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LibertarianReview

Carter's Energy Fascism: Prescription for Power

Feminism and the Second American Revolution

The Economics of the War Economy

The Struggle to Control Oil

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Libertarian Review
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. . . the 'drug revolution' of recent years is only one more manifestation of the decadence of a dying social system. . . . [In the new socialist society] a few public executions of the chiefs of the drug traffic will be an effective statement of the revolutionary government's intentions and should have a chilling effect on any who would aspire to replace them.
Irwin Silber, executive editor of the Marxist/Maoist socialist newspaper, The Guardian, — "No Drugs in the New Society," Skeptic, January/February 1977
I favor free trade in drugs for the same reason the Founding Fathers favored free trade in ideas: in a free society it is none of the government's business what idea a man puts into his mind; likewise, it should be none of its business what drug he puts into his body. . . . We should treat drug taking in the same way we treat speech and religion: as a fundamental right.
Thomas Szasz on Our Drug Laws
"A Different Dose for Different Folks," Skeptic, January/February 1977
It is true that 'deregulation' is, generally, a proper conservative cause. But it is also true that conservatives should be sympathetic to Falkland's dictum that when it is not necessary to change, it is necessary not to change. And it is unclear what drastic deregulation would accomplish. . . . (I)t is possible to make competition a fetish.
George Will Opposing Airline Deregulation — "Fly me, I'm Salty," New York Post, 1/27/77
The Carter proposal is a monstrosity. Its end result would be less energy and more wasteful use of energy. The consumer would pay higher costs—directly and through taxes—than in a free market. . . . This is a prescription for stagnation.
Milton Friedman on Carter's Energy Proposal — "A Monstrosity," Newsweek, May 2, 1977

cartoon figures by Fred Hausman

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Libertarian Review

July 1977 Vol. VI, No. 3

ARTICLES

10 CARTER'S ENERGY FASCISM: PRESCRIPTION FOR POWER
By Murray N. Rothbard
Carter's energy program is a step toward economic fascism, placing control of key elements of society in the hands of the State.

16 THE SECOND AMERICAN REVOLUTION MAY BE HERE
By Joan Kennedy Taylor
The women's movement is experienced by Betty Friedan as a genuine revolution, but not a Marxist one. It threatens the forces of the Left no less than those of the Right.

22 THE ECONOMICS OF WAR ECONOMY
By Seymour Melman
America no longer has a private capitalist economy. It has developed instead a military form of State capitalism.

26 FOREIGN POLICY FOR AMERICANS: NON-INTERVENTION
By Joseph Stromberg
Intervention in foreign affairs stands condemned for every possible crime against humanity and liberty. The true American foreign policy is non-intervention.

DEPARTMENTS

1 COMMENTARY

4 EDITORIALS
Credo
The Saccharin Caper
Battle for Gay Rights

7 TO OUR READERS

8 CROSSCURRENTS
By Walter Grinder

31 BOOKS AND THE ARTS

31 The Struggle to Control Oil
By Alan Fairgate

36 Tom Paine and the American Revolution
By Leonard Liggio

40 The Revival of Austrian Economics
By Richard M. Ebeling

42 Friedman on Freedom
By Richard M. Ebeling

43 A New Approach to Human Rights
By Randy E. Barnett

45 Books in Brief

47 CLASSIFIED ADS

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COMMENTARY

Gradualism and Taxes Tom Palmer's review of my book *Cut Local Taxes* demonstrates an unfortunate lack of appreciation of the need for strategic thinking in attempting to carry out social change. Perhaps I gave the Libertarian movement more credit for sophistication than it deserves in writing the book without a special explanatory introduction for Libertarians only. Or maybe Mr. Palmer is denser than most. Regardless, in what follows I will attempt to rectify that oversight.

I wrote, and the National Taxpayers Union sponsored, *Cut Local Taxes* as a weapon to save money in the near term and to set the stage for removing the State from providing local public services in the long term. The book is not intended to be a *Libertarian* book; rather, it is a tool that libertarians (and others) can use as part of a first-stage effort to promote the entry of private firms into public service businesses: fire protection, police protection, garbage collection, park maintenance, data processing, etc. Initially, the easiest way to do this is via competitively-awarded short-term contracts, still paid for by tax money.

The benefits of this approach are several: taxpayers get used to seeing private firms performing traditionally governmental functions, the number of firms in such fields increases substantially, and (best of all) the probability of such changes *actually occurring* is relatively high. Until the public can see private firms routinely performing public services and until large numbers of such firms exist, people simply will not support a change to fully-private, user-supported (rather than tax-supported) public services.

Palmer's criticism represents a failure to understand the value of *division of labor* in working to change our institutions. NTU and I see *Cut Local Taxes* as complementary to hard-line abolish-taxes activism by libertarians and others. Had Palmer attended the seminar given by activist Jim Clarkson and me at last fall's national Libertarian Party convention, he would have seen how the two tactics can work together. Clarkson explained his group's

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success in defeating local bond issues and tax increases, and reported how local officials and the news media then *came to him* for advice on how to cope with decreased revenues. At that point, being able to provide the kind of hard-headed, practical advice contained in *Cut Local Taxes* vastly increases the credibility of Libertarians. Moreover, Murray Rothbard himself seems to recognize the merit of this approach. As co-director of the National Taxpayers Union, he does not push the organization into advocacy of tax abolition, but rather oversees the preparations of proposals for step-by-step reform.

Finally, I wish to correct two untruths in Palmer's review. First, Palmer accuses me of endorsing "grants of monopoly over free market competition," in the provision of trash collection. What I did was report the results of a nationwide survey of the economics of garbage collection, by E.S. Savas of Columbia University. The survey found that on the average, contract or franchises service by private firms was significantly less costly than either (1) government-operated garbage service or (2) fully laissez-faire garbage collection. It is not hard to see why this would be true: if five firms simultaneously serve the same area, their average efficiency (pickups per hour, wasted driving time, etc.) will be much less than if a single firm served the same area. A contract or franchise system substitutes competition over *time* for competition over *space*. Since *Cut Local Taxes* is about efficiency, not ideology, I accurately brought these results to the readers' attention.

Secondly, Palmer claims that the book's chapter on fighting city hall fails to urge readers to organize "for defeat or repeal of taxes." This is simply untrue, as a reading of the chapter indicates. It *does* urge readers to publicize such techniques as private contracting, but only as *part* of a strong anti-tax effort.

In short, Palmer seriously misunderstands the purpose of the book. It is not a presentation of Libertarian ideas, even though written by "a Libertarian movement spokesman." It is, rather, a tool that sophisticated libertarians can use, in the long, difficult process of making change in our institutions.—*Robert W. Poole, Jr., Santa Barbara, CA*

A Response It is amusing to see the editor of *Reason* magazine resort to both an ad hominam attack and an argument from authority in the same letter. In questioning my intelligence Mr. Poole unnecessarily lays a personally vindictive pall over the dispute which I hope to be reasonable enough to avoid. His attempt at an argument from authority is not only logically fallacious but factually incorrect as well, for Dr. Rothbard shares my view of Poole and his opportunistic compromising. I refer the reader to the March/April issue of *Skeptic* magazine which carries Dr. Rothbard's lead article on taxation. The views expressed therein hardly coincide with those found in Poole's work.

Analysing the substantive content of Poole's letter leaves me astounded at his ignorance of economic science and common sense. First, how does one determine costs *a priori* and isolated from the actual values and knowledge of market participants? Only the market can accurately determine costs by allowing entrepreneurs and consumers to act on their values and relevant knowledge. It is unscientific and misleading to state, on the basis of any "study," what the cost to a producer or consumer would be, in a real market situation. Perhaps Poole is unaware of the problems which the Soviet economy has run into by following his methods. We can only make statements about such matters after the fact, and even then we cannot make a quantitative comparison having any basis in fact or reason. Market competition is the most "efficient" means of supplying goods and services because it coordinates the diverse goals and data of participants, thereby increasing the utility of each. Even if the conclusion of Poole's analysis of costs in garbage collection is accurate, the only way to determine this is through the market process. If two firms are more efficient than three, then the market will support two firms—this is the only reasonable criterion of efficiency.

Further, if it is true that these grants of monopoly to "private" companies are so great and will do so much to publicize the virtues of the market, then why doesn't Poole cheer the public (private) utilities, the quasi-independent postal service, and Bell Telephone? These are examples of Pooleian competition at work. They are also very unpopular and are the objects of hatred on the part of the public. If this is the sort of publicity the market can expect if Poole gets his way, then we can all kiss freedom goodbye.

What Poole is proposing has no relation to the market. It is *state capitalism*, based on a call for "streamlining" government.

Poole claims that his strategy is much more sophisticated than that of Rothbard and myself. How? When has his sneaky program *ever* worked? No doubt, if Poole were writing at the time of the early Free Trade movement in England, he would have called for "privatization" of tariff collection as a "first step" toward free trade. Or, had he been writing during the time of slavery, he would have called for "private" enforcement of the Runa-

(continued on page 30)

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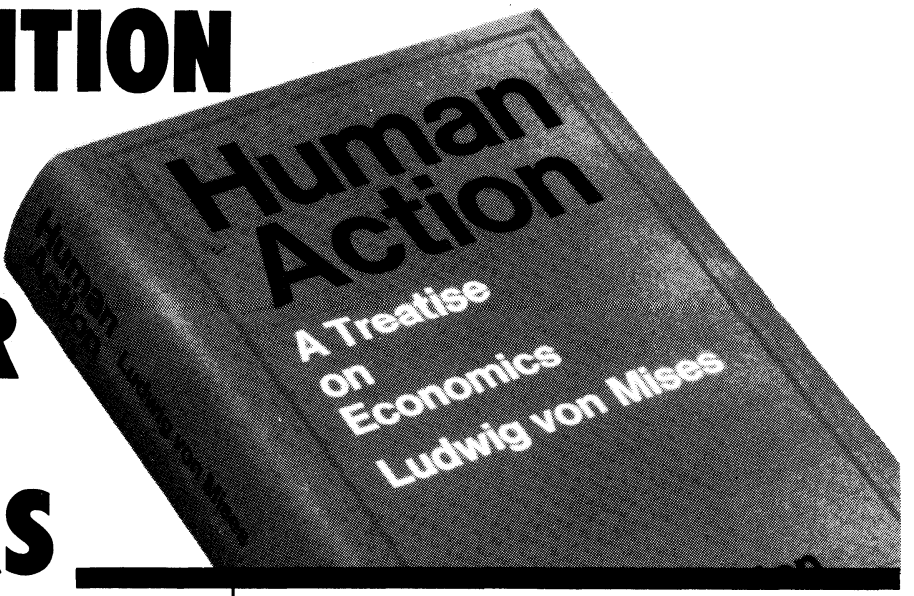

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Editorials

CREDO

Libertarian Review is a journal of opinion. Like any such journal, *LR* has a point of view. But where *LR* differs from other journals lies in *what* that point of view consists of, what values it finds important to champion and uphold. Ours is a deep and abiding commitment to individual Liberty and to the growing Libertarian movement which seeks to make such Liberty a reality in our time. Such commitment is particularly important today, when all opposing political forces have made their decisions in favor of growing state power, differing only about details.

LR opposes statism, whether of the Left or of the Right. *LR* supports individual Liberty across the board, on matters of economic freedom *and* civil liberties, on issues of foreign *and* domestic policy, not caring whether we are perceived as "Left" on some issues, or "Right" on others. For the plain truth is that Libertarians are neither Left nor Right, but a new political movement with roots in a rich ancient tradition of opposition to tyranny and state power. We are a political movement whose commitment to a consistent set of principles lifts it out of that dull, gray morass which is the contemporary political spectrum.

We believe that in the modern world, there is simply no excuse for the ways in which governments habitually treat human beings. Holding firmly to the principle that Liberty is the highest *political* end, there is today scarcely a political policy or trend to which we would not object.

For the twentieth Century has been and continues to be the century of the State, a century where State coercion and violence of every form have become disgustingly commonplace. Every conceivable form of statism has been tried during this century: Fascism, Communism, Social Democracy, the Corporate State, Feudalism, and naked military dictatorships. None of them has in the long run brought anything other than human misery and degradation to the world. None of them has been able to exist for a minute without the most flagrant violations of human rights.

It is our conviction that all this is both unjust and unnecessary. In a world of cynics and pessimists, we are *optimists*: we believe that Liberty is a standard to which all can repair. In a world of timid opportunists, each trying to fine-tune the system for their own benefit, we are *radicals* who believe that coercion, aggression and tyranny ought to be swept away. In a world where selective indignation has become a high art, we shall not be afraid to oppose the injustices of the Left and the Right alike. In a world where older radicals have simply become exhausted, having witnessed the terrible failure of their ideals, having nothing new to say, we are just beginning.

Our doctrine of Libertarianism begins with the principle of inviolable individualism, with the view that all human beings are the sole legitimate owners of their own lives, free to do whatever they wish, so long as they do not use violence, aggression or fraud against the person or justly held property of others. We believe a basic humanism demands that we champion and defend a social system which fully respects the natural individuality and diversity of human beings, a society based on the twin axioms of self-ownership and non-aggression, a society wherein all social relationships are voluntary and uncoerced, where no one may force anyone else to obey him. Every human life should be regarded as an end-in-itself, never merely as a means. The only way to implement these principles is through a structure of voluntary social relations, resting on consent and agreement, reason and persuasion, where no one is subjugated to the will of another.

Thus, in objecting to the politics of our age, *LR* proposes to offer an alternative which is both consistent and non-dogmatic. We shall not be content to stay on the level of abstractions and glittering generalities, however. Our guiding principle will be that set down by Murray Rothbard in his classic journal, *Left and Right*: "General principles remain cloudy verbiage if they are not made systematic and applied to specific problems; and responses to such problems must stay hopelessly confused if they remain *ad hoc* and unsubsumed under guiding principle."

At a time when other ideologies are floundering, when Liberalism is decaying, Socialism in retreat, Communism ever more openly despised, and Conservatism ever more accepting of the *status quo*, Libertarians are just beginning to fight for their ideals. At a time when Liberals, Conservatives, and even once-radical Socialists are openly denouncing "ideologies" *as such*, calling upon one and all to abandon failing principle and to uphold pragmatism, *LR* turns its back on

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such intellectual despair. It is not *ideology* which has failed us, it is *statist ideology*. Thus *LR* proudly upholds *an ideology of liberty*. It is *that* which has been missing from the contemporary world, and which the Libertarian movement proposes to bring to public awareness. It is that to which *Libertarian Review* is dedicated.

THE SACCHARIN CAPER

When the FDA announced on March 9th that it was going to ban saccharin, the last artificial sweetener available on the market, it set off the largest public outcry in its history. And well it should have, for the saccharin ban is the latest in a series of petty tyrannies for which the FDA and other regulatory agencies have become famous.

The FDA announced its ban in response to the findings of a study sponsored by the Canadian Government. 100 rats were fed a diet containing 5% saccharin; another 100 rats were fed the same diet, *without* saccharin. Of the 100 rats fed the saccharin diet, 3 developed cases of bladder tumors; in addition, 100 of the offspring of the saccharin-fed rats were placed on the same diet, and 14 of them developed such tumors. This supposedly triggered the "Delaney Clause," a portion of the Federal Food, Drug and Cosmetic Act which states that "no additive shall be deemed to be safe if it is found after appropriate tests to induce cancer in man or animal." The FDA was forced to act. Or so it said.

In fact, everything about the saccharin ban is fishy, from the test to the reasoning behind the Delaney Clause.

First, the amounts of saccharin fed to the rats were the equivalent of a human being consuming over 800 cans of diet soda a day over the course of a lifetime. Similar amounts of a host of other substances would prove far more toxic and harmful.

Secondly, the tests were not even conclusive. While 3 rats of the first generation developed tumors, it is not often reported that 2 of the rats *not* fed saccharin *also* developed tumors. The real evidence comes in the second generation when 14 our of 100 offspring of the saccharin-fed rats also developed bladder tumors. But what about the offspring of the other group, fed the saccharin-free diet? *They were not tested.* So the only direct comparison which can be made is between the 3 rats with tumors of the first generation of saccharin-fed rats, and the 2 rats fed *no* saccharin. Moreover, according to some sources, 30 other tests have shown saccharin to be harmless; Japanese and German tests have not confirmed the findings of the Canadian government study. This is pretty flimsy evidence on which to base the destruction of a multi-billion dollar industry. But that has never bothered anyone in power.

But the real issue, the real objection to the saccharin ban, is deeper. What the FDA is trying to foist upon us is not merely a saccharin ban, but a particular ethical philosophy, namely that everyone should be forced to minimize *risks*, at the point of a gun.

There is no justification for this totalitarian position whatever. *Why* is minimizing those risks given such a role in our values and our lives? Why is the miniscule risk of cancer a sufficient reason to deprive the American people of their pleasures and their freedom of choice? It is nothing less than an attempt by doctors and bureaucrats to shackle us with the trappings of that "therapeutic State" which Thomas Szasz has so forcefully warned us against.

Moreover, the saccharin ban is the result of the odd, literalist bureaucratic type of mind which can only operate by focusing on *one aspect* of a thing, ripping it our of context and ignoring the complexity of the risks and choices which permeate *all* of human life. If we are not to be allowed to take the miniscule risk that something we consume might someday harm us, what far greater, more immediate, risks are to be forbidden to us as well? Shall we be allowed to cross the street, to fly in a plane, to chance a risky operation, or do anything else which is a thousand times more risky than imbibing a diet soda? Is the danger of dying from cancer by drinking Tab greater than that faced by someone who is overweight or diabetic deprived of dietetic foods? Moreover, why should the *State*, that horrible engine of destruction, be allowed to determine what risks we can take in our daily lives? Why on earth should we take *its* handwringing seriously?

The Libertarian solution to the saccharin caper cuts through to the heart of the matter, slicing through the obfuscations and double-talk. We believe that everyone owns his or her own body and life, and should be allowed to assume whatever risks they wish. The responsibility for their lives and choices is theirs, and should not be seized by the State and its medical elite.

The only tolerable concern of government in this case is with prohibiting fraud, which means that it should ensure correct labeling of products. It should then sit back and learn to respect the freedom of choice of the American people.

The freedom to consume whatever one chooses, whether saccharin or marijuana, cyclamates or rat poison, and to accept responsibility for the consequences, is a basic human right. The government has no more right to regulate what substances a person chooses to put in his body than what ideas he chooses to put in his mind.

The saccharin ban, in short, ought to be junked, along with the bans on cyclamates, laetrile, and everything else. If such toleration of risk-taking makes the meddlers in the FDA and elsewhere squirm, so be it. That's the happy price we pay for individual liberty.

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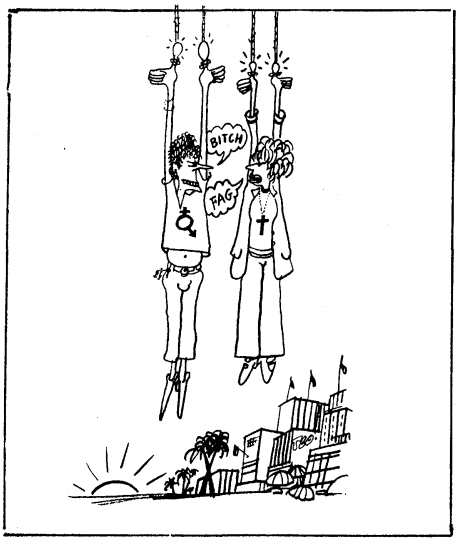

BATTLE OVER GAY RIGHTS

A battle is shaping up in Florida and elsewhere this year over the issue of gay rights. Both sides in the dispute are working furiously to support their respective causes, and neither side is willing to give an inch. But what is the conflict, and which side is right?

The Florida battle began last January when the Miami Metro Commission passed an anti-discrimination ordinance, banning discrimination in housing, jobs and public accommodations on account of "sexual or affectational preferences." This meant that discrimination against homosexuals became illegal.

Religious fundamentalists, led by "born again" Christian Anita Bryant, sprang into action. Under the banner of "Save Our Children," they began a determined crusade to repeal the ordinance. They took off the gloves. Anita Bryant cited *Leviticus*, claiming that "homosexuality is an abomination to the Lord." On the Phil Donahue Show, she claimed that "the Bible says homosexuals should be put to death and their blood shed over their heads." Bryant didn't want gays killed, but she did want to make damned sure, at the very least, that they were not free to teach in the schools. Why? For the odd reason that "since homosexual couples cannot have children, they can only *recruit* our children, and this is what they want to do . . ." She proclaimed that "before I yield to this insidious attack on God and His laws, I will lead such a crusade to stop it as this country has not seen before." The spirit began to catch on. Bumper stickers began to appear independent of the Bryant group, reading: "Kill a Queer for Christ."

The gay community retaliated by pressuring the Florida orange growers to dump Anita Bryant as a spokeswoman for Florida orange juice. Wealthy homosexuals pulled their money out of a bank which used Bryant in commercials, until the bank decided to drop them. Her contract to host a daytime TV sewing show for the Singer Co. was cancelled because of her "controversial political activities." "I'm frightened," Anita Bryant told one sympathetic newspaper commentator. "They're destroying my career." But what was *she* trying to destroy for so many Miami homosexuals, and how frightened might *they* have felt, facing such a virulent campaign?

The situation is dismaying, but even more so is the realization that nowhere have the issues been properly sorted out and discussed. There is no excuse for the bigotry of Save Our Children, but an argument *can* be made for repealing the ordinance. The argument rests, ironically enough, on the same principle which justifies the rights of homosexuals to engage in *any* voluntary relationships they wish: the principle of *freedom of association*. The Miami ordinance undercuts that principle precisely by prohibiting *private* discrimination. But such ordinances, in Miami and elsewhere, will not only make any kind of peaceful coexistence *impossible* between people of diverse lifestyles, they set the stage for a *horrendous backlash* as well. Instead of producing tolerance, they will result in the exact opposite.

Certainly gays, like everyone else, ought to be free to live their own lives in whatever manner they choose. This is the fundamental principle of Libertarianism, and this is why Libertarians support tolerance of the peaceful choices of others. This means that all laws against voluntary, consensual sexual activity ought to be repealed, and that police harassment of gays ought to be brought to an immediate end. But it *also* means that those who are offended by their behavior have the right not to deal with them. Such people have the right to discriminate against gays in their private lives and with their own businesses—*just as gays have the right to discriminate against "straights."*

In short, the freedom *not* to associate is as precious as is the freedom *to* associate. To coercively prevent those offended by homosexuality from discriminating against those whose lifestyles they do not share is unjust—just as it would be to prevent homosexuals from establishing gay bars, baths, and hotels, and to hire only those whose orientation *they* find preferable.

The gay community is thus unfortunately trying to mobilize public support on the *wrong* side of the issue. If they continue, it may well blow up in their faces. Tolerance cannot be enforced at the point of a gun.

Certainly one can sympathize with their plight, faced as they are with Anita Bryant's bitter campaign, which has already had the effect of driving one young homosexual who had spoken out on radio, Ovidio Ramos, to suicide. Just as certainly, one *could* hope for a defeat of the Bryant forces on symbolic grounds, since it is they who are *making* the issue a symbolic one.

But the problem is precisely that the ordinance, being an act of law, is *more* than mere symbolism. It is naked coercion, cutting through the heart of that very freedom of association which gays, in Miami and elsewhere, should treasure and cherish. By missing the principle involved, the gay community has given Anita Bryant and her followers a powerful weapon. By helping to politicize the sensitive, personal issue of sexual preferences, they have placed themselves in danger, and it is too much to hope that Ms. Bryant will not take every advantage of it in her crusade to force homosexuals back into the closet.

The gay rights supporters would do well to reconsider where they have drawn the line. They would be on far sounder ground if they would defend the value of tolerance which flows from respect for individual rights, give up the ordinances as they stand, and tell Anita Bryant and her followers to go back to the cave.

editorial cartoons by Paul Peter Porges

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To Our Readers

The old and new meet with this issue. LR is well into its sixth year. It has exerted a steady and growing influence on libertarians and on the presentation of libertarian ideas. For this we especially thank Robert Kephart whose dedication gave LR this solid beginning. Bob, Karl Pflock, Janet Fouse, and the other people at Kephart Communications deserve all of our thanks for their work; and for their continuing help in the transition period.

The new in LR is immediately obvious. With our design and format we seek to establish an image which is sharp, forthright, and hard-hitting. We wanted a distinctive and traditional style that would stand up in the magazine marketplace. Our new logo and choice of typefaces does that very well.

Our contents have changed as well. Bringing the best books in solid review is still important. But we are primarily interested in events: the events of the everyday world which have to have a libertarian analysis, and the events of the libertarian movement which need a forum and a critical appraisal.

This is our first attempt. We welcome comments from you: about our new form, our change in content, our articles in this issue. We are eager to have suggestions that will make LR the best possible magazine it can be.

During the next few months, we will expand our coverage of events, and we will also introduce a number of additional departments. Murray Rothbard will have a regular feature. We will open a Perspectives column to a different commentator on important issues for libertarians. And we will begin numerous periodic columns including Liberty's Heritage, Film Clips, Washington Watch, The Press, and one on the libertarian movement itself.

To meet these new demands of timeliness, we are changing our frequency. LR is going monthly! Beginning with this issue LR will be published 12 times a year. The new subscription rates reflect this change.

This issue is dated July and is being mailed in late June. It is Vol. VI, No. 3 and follows the March-April issue. No issue was missed; we have just changed our dating to conform with our monthly schedule. Every subscriber will be assured of receiving the number of issues in their subscriptions.

These are all exciting changes. LR is now a major new libertarian voice with a solid tradition. We hope you are as excited as we are and we look forward to your continued support.—*Chuck Hamilton*

Letters from readers are welcome. Although only a selection can be published and none can be individually acknowledged, each will receive editorial consideration and may be passed on to reviewers and authors. Letters submitted for publication should be brief, typed, double spaced, and sent to LR, 200 Park Avenue South, Suite 1707, New York, N.Y. 10003.

FORTHCOMING IN LR:

ROGER MAC BRIDE ON
How the Repression of Political Ideas Is Managed in America

CHARLES KOCH ON
The Case for a Free Market in Energy: A Reply to Thornton Bradshaw

DAVID BRUDNOY ON
Gays and the American Right

EARL RAVENAL ON
American Foreign Policy

JEFF RIGGENBACH ON
The Cocaine Mystique

MURRAY ROTHBARD ON
The Myth of Democratic Socialism

RALPH RAICO ON
Our Greatest Presidents?

WALTER GRINDER ON
The Political Economy of Keynesianism

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Crosscurrents

By Walter Grinder

• **National Economic Planning** Far from being a dead issue, the banner of National Economic Planning has again recently been raised by no less an industry spokesman than Thronton Bradshaw, the president of Atlantic Richfield. His views are given a full spread in *Fortune*, February 1977, "My Case for National Planning." Using energy as the fulcrum for his argument and using W.W. II as the precedent, Bradshaw proceeds with the increasingly familiar ploy of arguing that since we live in a mixed economy, let's make it work "efficiently." Study this article carefully because it represents an important link in the chain of anti-market reasoning which is sure to grow stronger as the months and years go by.

• **Cato Institute** Cato Institute, 1700 Montgomery Street, San Francisco, CA 94111, continues to generate excitement in the Libertarian Movement, and the following are just a few of the reasons why: (1) Cato is planning to produce a new film to show the interdependence between civil liberties and economic freedom. This should prove to be another very useful organizing tool. (2) Cato is planning three public policy studies during this year: First, one on how to develop free market alternatives to the Social Security system and how to get rid of the current system. Second, a study is being prepared to determine and point out the hidden cost of business regulation. Third, a study will be done on slashing back the National Defense budget which will include an in-depth economic impact analysis of such large scale cuts. (3) In the fall of 1977, Cato will begin publication of a news commentary magazine *Inquiry* which will be of interest to libertarians. William-son Evers is the editor and Ralph Raico will be a senior editor. Contributors thus far include writers such as Thomas Szasz, Nicholas von Hoffman, Nat Hentoff, Carl Oglesby, Robert Sherrill, and Murray Rothbard, among others. (4) Cato will begin a book reprint series to get libertarian works published in paperback. The first two will be D.T. Armentano's *The Myths of Antitrust* and M.N. Rothbard's *For A New Liberty*. (5) Cato will begin a Cato Associates Program which will be a nation-wide campus program to identify and work with bright and ideologically (libertarian, that is) motivated student activists. In addition to developing a Speakers Bureau to bring top libertarian speakers to the campuses, Cato will provide study kits and other literature for campus study groups. There will be an annual summer retreat for the brightest and most highly motivated of these students to have intensive study in all aspects of libertarianism. (6) Cato will have a Cato Fellow's program through which experts in their respective fields will spend time in residence at Cato's San Francisco offices working on specific projects. The first Cato Fellow will be Murray N. Rothbard who will, among other projects, be completing a book on the Progressive Era in U.S. American history. (7) Professor Stephen Strasnick of the Philosophy Department of Stanford University, under the auspices of the Cato Institute, is now writing a college level textbook on libertarian theory. I would say that this is plenty to be excited about, but remember, this is but the beginning. Cato Institute will, over the coming months and years, be working closely with its sister organization—the more academic "think tank" Center for Libertarian Studies in New York—to develop and carry out a comprehensive program to change the climate of intellectual opinion towards one more congenial to the ideas of liberty. Cato Institute will focus its attention on campus ideological activists and the intellectually inclined in business and in the professions. The Center for Libertarian Studies will focus its attention mainly on scholars, both top graduate students and young professors who will be teaching in the universities and writing in the academic journals. Mark my words, in less than a decade these two organizations will have made a profound impact on the ideas and ideology guiding the destiny of both this nation and of the world.

• **Institute of Economic Affairs** The Institute of Economic Affairs (2 Lord North Street, Westminster, London SW1P 3LB, Great Britain) has recently published to interesting items. First, Milton Friedman's *From Galbraith to Economic Freedom*, Occasional Paper 49, gives the Nobel Laureate a chance to do what he does best, attack from a micro-economic level. It is devastating. Second, we have a book of excerpts edited by Ralph Harris and Arthur Seldon entitled *Not from Benevolence . . .: Twenty Years of Economic Dissent*, Hobart Paperback 10. I found it extremely interesting and enlightening to go through these twenty years with Professors Seldon and Harris and see the multitude of issues that the IEA has taken up since 1957. It has truly been one of the very few voices of reason in the U.K. since WW II. After the collapse of England, perhaps the ideas presented by the IEA will serve as the basis to reinvigorate "little England" to the free-trade glory that was once here.

• **Radical Opponent of Taxation** One other voice in England is even more remarkable and that is the voice of Henry S. Ferns. Professor Ferns is an utterly amazing find. He is the chairman of the Department of Political Science at Birmingham University and a radical free-market liberal, too. I am impelled and delighted to introduce this brave and brilliant man to an American and libertarian audience. Two of his writings have recently come to my attention. First, he has a pamphlet called *The Radicalism the Case Requires* (Aims for Freedom and

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Enterprise, P.O. Box 443, 5 Plough Place, Fetter Lane, London EC4P 4LS, Great Britain). In it, Ferns attacks the twin problems of a galloping bureaucracy and taxation. As Ferns says in a discussion about inflation: "What is seldom discussed is the role of the State, the cost of its operation and to what extent its end products are worth anything at all." ". . . Wages, salaries and profits are all equally the income of producers without which the productive system cannot function. Taxes, on the other hand, and the activities they support are a subtraction from production." In a publication for the self-employed and small businesses called *Counterattack* (279 Church Road, London SE 19 200, Great Britain), Ferns come out flatly for refusing to pay taxes to the Government. An extended quote from Vol. 1, No. 4 is in order:

> Each normal man and woman has only on God given asset: the ability to work and to create goods and services which he or she can exchange for the means of life. In this matter of production wages, salaries and profits are all one: payments for one's contribution to production. We may voluntarily decide to give up some of our wages, salaries and/or profits to pay for the defence of our country, to preserve order, justice, and security and to help the small minority of people who through misfortune cannot look after themselves. However, government takes our money for purposes invented by politicians and seekers after power and office. This has become so great that we can no longer enjoy what our work produces, and we can no longer save and invest for our future, then we all have a natural right and a duty to say "Our Contract with government has been broken. We are no longer bound. We will resist. We are determined to be free and independent. We are resolved to defend the economic foundations of our independence, which is the right to retain the produce of our work."
>
> The time has come in Britain to do what our American cousins did two hundred years ago, viz. throw the tea in the harbour, and let the Government see whether it can beat us into submission.

This is the kind of limited government advocate whom I thought no longer existed, on either side of the Atlantic. This is the sort of spirit and laissez-faire radical who, in the tradition of Thomas Jefferson, Richard Cobden and John Bright, could lead us to victory far sooner than we ever could have supposed.

• **Irving Kristol** I am not a fan of ex Social-Democrats, now Neo-Conservatives. In many ways Irving Kristol is a paradigm model of the problem with such people. Kristol is caught on a fence. He has only recently discovered the virtues of the market mechanism, and what he has grasped, he understands well. Yet, at the same time, he still has an emotional attachment to the New Deal welfare state edifice that he and his compatriots were so instrumental in building. Thus, while he doesn't want to push socialism any further, he wants to use the market to make the unjust and interventionistic system that exists work more efficiently. This is a real problem, and Kristol must be fought hard on this issue. He is, however, groping his way towards fuller understanding between the role if ideas and the hoped-for emergence of a deregulated free-market business atmosphere. When he makes the right choices, I think he should be encouraged and commended. Kristol's article "On Corporate Philanthropy" in the *Wall Stree Journal*, March 21 is such a case. Here, he chides businessmen for depending on members of the "New Class"—"those who sincerely believe that the larger portion of human virtue is to be found in the public sector, and the larger portion of human vice in the private."—to guide them on matters of corporate educational philanthropy. Is it any wonder, Kristol asks, that those scholars and friends of liberty are consistently overlooked by business philanthropists? He makes the point that businessmen must seek out those disaffected members of the New Class and make a determined effort to find those pro-business oriented scholars and institutions that do exist.

Walter Grinder is the Executive Director of the Center for Libertarian Studies. His Crosscurrents column is a regular feature of LR, of which he is associate editor.

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Several months into his new administration, President Carter was worried. Oh, his ***image*** *with the public was doing just fine: the cardigan sweater, the phone-ins, the fireside chats, had raised his personal popularity to stratospheric heights. Image is all well and good; but where the hell was his* ***power,*** *which after all is the point of the whole business of politics?*

CARTER'S ENERGY FASCISM: PRESCRIPTION FOR POWER

By Murray N. Rothbard

Things were going badly in Congress. Curiously enough, the usual six-months honeymoon with Congress had evaporated even before the inauguration. Labor was feisty; women and blacks were complaining; businessmen were suspicious; and a powerful new right-wing, formed out of the menacing interface of right-wing social democrats and liberal conservatives, had managed to force the withdrawal of Ted Sorensen as head of the CIA and had pushed Paul Warnke into backtracking on his pro-peace position in order to gain the appointment of SALT talks negotiator. Carter's SALT proposals had collapsed; and he was looking foolish for withdrawing his cherished if substantively meaningless proposal for a $50 tax rebate for every American. How was he going to get power, and how was he to establish himself as a forceful, commanding President?

Carter discovered his proposed route to power: his energy scheme. As Hedrick Smith reported in the New York *Times* (April 21): President Carter "had chosen energy as the issue on which to test and build his Presidential leadership." Smith went on, that it is generally held in Washington that "much of Mr. Carter's ultimate authority as President and much of the effectiveness of his Administration would ultimately ride on whether he succeeded in enacting" his energy plan.

What the State, what every would-be tyrant wants, of course, is war. War, especially a war that the State is in no danger of losing, provides the perfect milieu for all power to redound to the State, for siphoning wealth from private into governmental hands, for *making the bastards obey.* War, as Randolph Bourne so perceptively pointed out a half-century ago, "is the health of the State." For, generally, in their private lives, people wish only to go about their business in freedom, to be left alone with the money they have earned to run their lives as they see fit. Throughout history, governments and their rulers have sought to pull the wool over the eyes of their subjects, to make them like, or at least be resigned to, the oppression and exploitation they suffer at the hands of the State. And War has always been the open sesame to this end: the spectre of the enemy at the gates makes the public yield to the eternal plea of their State masters for *discipline* and *sacrifice.* The plea for sacrifice is always the harbinger of the despot. Few people stop to ponder this fact: in every sacrifice, of life and freedom and property, there is always a set of people *to whom* the sacrifices are made. In the old days of superstition, the beneficiaries of sacrifice were the gods, and their priestly interpreters on earth; in the new days of "reason," the beneficiaries are the State.

But war in this nuclear age is dangerous, and, as Vietnam and Angola have clearly shown, the United States can no longer blithely assume that God has always ordained it to emerge the victor. And so the

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Carter administration looked frankly for the "moral equivalent of war"—the peacetime substitute for war hysteria and war despotism, for the zeal for sacrifice. President Franklin D. Roosevelt, frankly searching for the peacetime equivalent of a war society and war economy, found it in the Great Depression—and later found it still more starkly in World War II itself. Carter's energy address to the nation on April 18 disclosed his objective frankly and revealingly: "Our decision about energy will test the character of the American people and the ability of the President and the Congress to govern this nation. This difficult effort will be the 'moral equivalent of war'—except that we will be uniting our efforts to build and not to destroy." (New York *Times*, April 19).

As the draftsman of his route to power, Jimmy Carter found the ideal candidate as his Energy Czar—the very man who supplied him with the phrase "the moral equivalent of war"—former Secretary of Defense James Schlesinger, a Republican and liberal conservative beloved by the new rightist coalition for his pro-interventionist foreign policy. That this veteran symbol of the military-intellectual complex was all too ready is seen in Schlesinger's interview with a fawning TIME magazine, in one of Carter's numerous public-relations devices to soften up and prepare the American people. Schlesinger, not unhappily, declared that America faces "constraint, curtailment." Schlesinger added, in the veteran tones of the tyrant: "That is uncomfortable. Everybody will have to make some kind of sacrifice." Most revealingly, TIME added, "But even more than that, Schlesinger views the energy crisis as a blessing in disguise, a beneficial testing of the nation's spirit and ability to cope. In his estimation, the crisis, if handled properly, will provide the opportunity for the American people to recapture the old virtues of sacrifice and a sense of shared destiny." (TIME, April 25).

In short, *we* are to obey *their* orders, and *we* are to sacrifice . . . to *them*. For, make no mistake: despite the collectivist rhetoric of "we", we can rest assured that Carter, Schlesinger, and the rest are not going to do any of the "sacrificing"; that's the job of the *rest of us*, while *they* applaud *our* willingness to suffer. Of course, the one problem that Carter & Company may have is that many of us don't *like* to make sacrifices; and so there must also come the warning that we must forget our petty, narrow, individual "selfish" interests in the rush to the common good. And sure enough, there is the warning in Carter's April 18 energy address: "We (the collective, obfuscating 'we' again) must not be selfish or timid . . . ."

All this was neatly calculated to appeal to the nation's intellectuals, liberals and conservatives alike, especially the well-fed in the seats of power, who are ever quick to call upon the American people to make sacrifices. Nowhere was this masochism-for-the-other-guy better expressed than in the column of Everybody's favorite liberal conservative, George F. Will. Moving inexorably toward his Pulitzer Prize for thoughtful political commentary, Will entitled his energy piece—without apparent shame—"Hit Us Hard, Please, Mr. Carter" (Newsweek, April 18). Jimmy, of course, proved happy to oblige. In true conservative spirit, Will called upon the American people to be "mature" by curbing their "appetites" and suppressing two of their "cherished" values, "comfort and convenience." There is nothing that makes a conservative swell more with moral righteousness than calling upon everyone else to abandon their appetites and their comfort. The "us" that Will wants to be hit hard by the government is, one must repeat, a convenient collective word that obscures exactly *who* is doing the hitting (Carter, Schlesinger, Will et al.) and *who* are being hit (you, me, and the rest of the American public outside the seats of power.)

And so Carter found energy as the moral equivalent of war. But where was the Enemy? One reason why the State loves war is that the Enemy is tangible, visible, and easy to hate: the goose-stepping German, the grinning little Jap, the atheistic Commie. At least, in the alleged energy crisis of 1973, we had the much-reviled Arab to hate. But where was the Enemy now? Still more important, how were Carter et al. going to prove that a crisis existed *at all?*

President Carter had chosen energy as the issue on which to test and build his Presidential leadership.

It was a toughie, but the Carter administration proved equal to the task. The means was a carefully and massively orchestrated propaganda campaign, to pull another FDR, to use the smile-cardigan-phone-in image and Carter's numerous flunkies in the media to light a fire under the American people, to use the public as a bludgeon against a possibly reluctant Congress. As columnist Joseph Kraft admiringly writes of the process, it was a "hard-sell" campaign using the press, TV addresses and press conferences, Congressional briefings, and "mass leaks" to the media. (New York *Post*, April 18). As Kraft points out, this hard-sell was made necessary by the fact that the old 1973 "energy crisis," made visible by a massive shortage of gasoline, disappeared as soon as the price of gas was allowed to rise to its market level, which meant that "most of us drifted back to business as usual" (and why not?). Carter

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therefore had "to dispel the comfortable notion that the crisis is a cooked-up con job". He must, in Kraft's words, "generate a sense of urgency."

IS THERE A "SHORTAGE"?

Is there an "energy shortage," and are Carter's Draconian measures necessary to alleviate it? Here, we must point to a vital distinction that lies at the heart of economic science: between "scarcity" and a "shortage." Not only are all forms of energy *scarce*, but *all* goods and services, without exception, are scarce as well. That is, people could always use more of them if available. We have always lived in a world of scarcity for all goods, and we always will, short of the Garden of Eden; economic development over the centuries has consisted in making goods relatively *less* scarce than heretofore. The test of whether or not any good or service is scarce is very simple: is its price greater than zero? If it is, then it is scarce. Happily, air is not scarce, and so its price on the market is zero (although this is not true of *conditioned* air.) Everything else is scarce. How, then, are these universally scarce supplies to be allocated, to be "rationed"? In the free market, such "rationing" is done, smoothly and harmoniously, by the free price system. The price of any good on the market equates its available supply with the demand for it—with the amount that consumers are willing to purchase at the market price. The free market smoothly adjusts to differences in relative scarcity. Suppose, for example, that a frost kills much of the orange crop, and the supply of oranges on the market is reduced. The free market price then rises to equate supply and demand. There is no need for anyone, least of all government, to order everyone to "conserve" their purchases of oranges because supply has been reduced. Each individual does whatever "conserving," whatever belt tightening of oranges, that he wishes in accordance with his own values and preferences. If he is an orange enthusiast, he will buy only a bit less or as many oranges as before; but if he is only marginally interested in oranges, he will buy far less, and perhaps shift to grapefruit. The opposite will happen when the orange crop increases, as prices fall to equate supply and demand, and different individuals will vary in the greater number of oranges that they will buy. There will be no need for anyone to issue orders commanding a loosening of the belt.

Carter's energy package would fasten a full-fledged energy despotism upon the country.

The smooth working of market prices means something else. It means that, regardless of how scarce a product might be, *there will never be any "shortage" of the product,* that is, there will never be a situation where buyers will not be able to *find* the product at the market price. There can never be a shortage of any product on the free market, of energy or of anything else.

But we all know that shortages of goods *have* arisen. How, then, could such a thing happen? Simply, shortages *always* appear if the free market is prevented from working, in particular, if the coercive agency of government forces prices *below* the free market price. If government orders the price of anything below the free market price, the quantity people wish to buy will exceed the quantity available, and the goods will become hard to find. The bigger the gap between controlled price and free market price, the bigger the shortage. Thus, shortages are anywhere and everywhere creatures of government; government can achieve as much of a shortage of anything as it wishes. Suppose, for example, that the government in its wisdom should suddenly decree that the price of new Cadillacs cannot be more than $200 per car. The consequence is predictable; a rush would be on at the automobile showrooms, and very quickly a grave "Cadillac shortage" would develop, a shortage that would be permanent until the price control is removed. Why should the government *do* such a kooky thing? For many reasons. One announced reason might be the egalitarian one that "every one deserves a new Cadillac".

When a shortage of a good is created by government price control, several things happen. First, the price system is prevented from performing its rationing function; therefore, *something* must take its place. Usually, it will be the Government, the creator of the shortage in the first place, which will step in with a great parade of righteousness to announce that free enterprise has failed in this instance, and that *it* must step in to assure fair shares for all. In short, the government sets up compulsory allocations, a compulsory divvying up of the short supply. Despotism arrives, as the belt-tightening is no longer left to the preferences of each individual; all must suffer alike in a meat-axe approach, in the name of "fairness". Tyranny over the public has replaced individual freedom and choice. And, to make matters still worse, a second thing happens: the supply produced on the market dries up (who will make new Cadillacs to sell for $200?) after which the government will try to increase supply by further compulsion.

All the hysterical projections by energy technocrats of imminent or future energy shortages, from the Club of Rome to the Carter Administration, overlook a crucial point: the workings of the free price system. "Demands"

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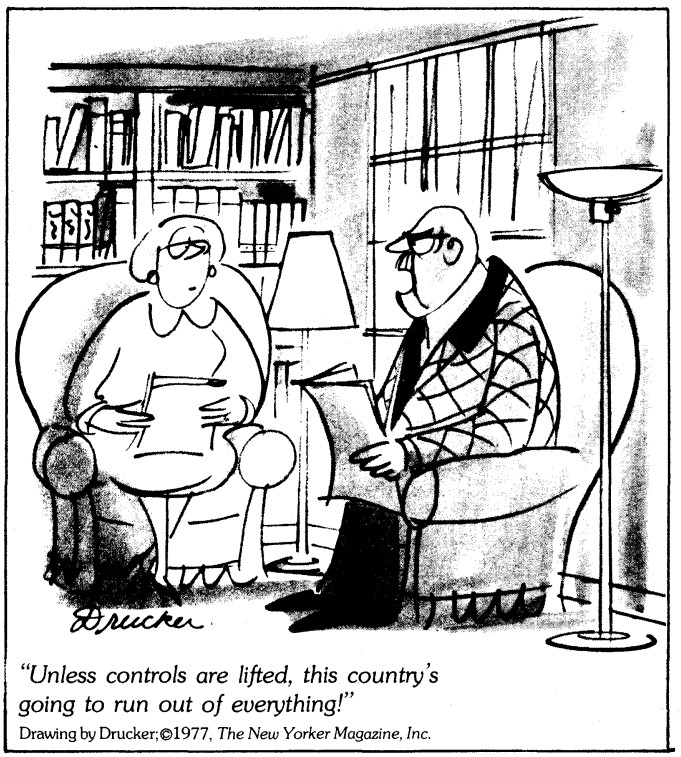

"Unless controls are lifted, this country's going to run out of everything!"
Drawing by Drucker; ©1977, *The New Yorker Magazine, Inc.*

and "supplies" are projected without taking the automatic conserving or rationing, as well as the production-incentive, functions of free prices into account. Thus, if the market perceives a future shortage of, say, copper, copper prices will rise, thus inducing individual copper buyers to "conserve" their own copper purchases sufficient to equate supply and demand, while the higher copper prices give greater incentives for producers to go out and look for more copper mines to increase future supply. Predictions of the imminent disappearance of oil by technocrats have literally abounded since the very beginning of the oil industry. Oil was supposed to disappear by 1900. But the automatic conserving and incentive workings of the price system have repeatedly given the lie to these absurd projections.

CARTER'S ENERGY PACKAGE

Carter's energy package, as announced on April 20 after all the preliminary hoopla and fanfare would fasten a full-fledged energy despotism upon the country. It would substitute government for the market across the board.

First, the Carter package will intensify the shortage of natural gas already created by the federal government. For over twenty years, the Federal Power Commission has been holding the price of natural gas below the free-market price, a gap that has increased with inflation, and that has succeeded in stifling the incentive to discover new sources of natural gas. In particular, since FPC regulations have applied to interstate rather than intrastate shipments, natural gas has become increasingly short in states outside of such producing areas as Texas. Recently, market prices within Texas for natural gas have been about $2 per thousand cubic feet, while the FPC has held the price down to $1.42 for shipments outside of Texas. In its wisdom, the Carter energy package proposes a meaningless price rise of interstate gas to $1.75 while it imposes a new controlled price *intra*state of $1.75. In short, maximum price controls on natural gas are to be intensified rather than relieved, and the natural gas shortage created by government *will become worse.*

On gasoline, the Carter package decides arbitrarily to order a reduction in consumption of 10 percent. As one way of achieving this goal, federal gasoline taxes are to increase, even up to 50 cents a gallon. Here, the Carter plan dimly recognized the rationing function of higher prices, but there is a huge difference between this plan and allowing a rise of free market prices. For first, the tax and price rise is wholly arbitrary, whereas free market increases would be geared to actual scarcities of present and future supply. And, second, there is no incentive for any increase in supply, since higher prices will result not in higher profits but in higher taxes. Not higher profits because, as Carter said in his April 20 energy speech, "we do not want to give producers windfall profits."

Higher taxes, of course, mean more federal bureaucracy, more redistribution of income and wealth, more socialization of the American economy, more siphoning of income and capital from the private to the governmental sector.

But much of the control of energy consumption will be through despotic orders, through compulsory "rationing" by government, and not simply by higher prices driven up by taxes. "Gas-guzzling" cars are to be especially taxed, insulation will be subsidized or mandated, "efficiency" will be required, etc. New boilers in industry will be prevented from burning natural gas or oil; instead coal will have to be used; and existing coal-burning boilers will be prohibited from shifting from coal to oil or gas. Prohibited, that is, without special permits from the federal bureaucracy.

As for crude oil prices, price controls will continue too at the same levels, for, in the words of the White House energy fact sheet (New York *Times,* April 21), "The President is committed to the retention of domestic oil price controls for the foreseeable future to prevent windfall profits for oil producers."

There is no point in continuing the grisly details. Suffice it to say that the Carter energy plan is a plan for energy despotism. It replaces the smooth, harmonious workings of the market by the meat-axe compulsions of a federal bureaucracy, it intensifies socialization of the economy, and it will make the energy "shortage" created

(continued on page 46)

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Why another libertarian organization?

We know. There are so many libertarian associations, clubs, activities, parties, candidates and publications, you practically need a scorecard to keep track of them all.

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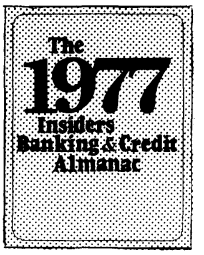

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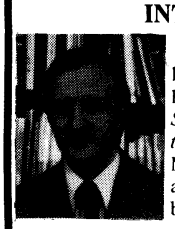

The author, Mark Skousen, is an insider himself, having worked for the CIA for two years. Presently, he is managing editor of the widely-read *Inflation Survival Letter* and author of the new book, *Playing the Price Controls Game.* Mr. Skousen has a Master's degree in economics. He continually keeps abreast of the banking world and consults often with bankers and financial advisers.

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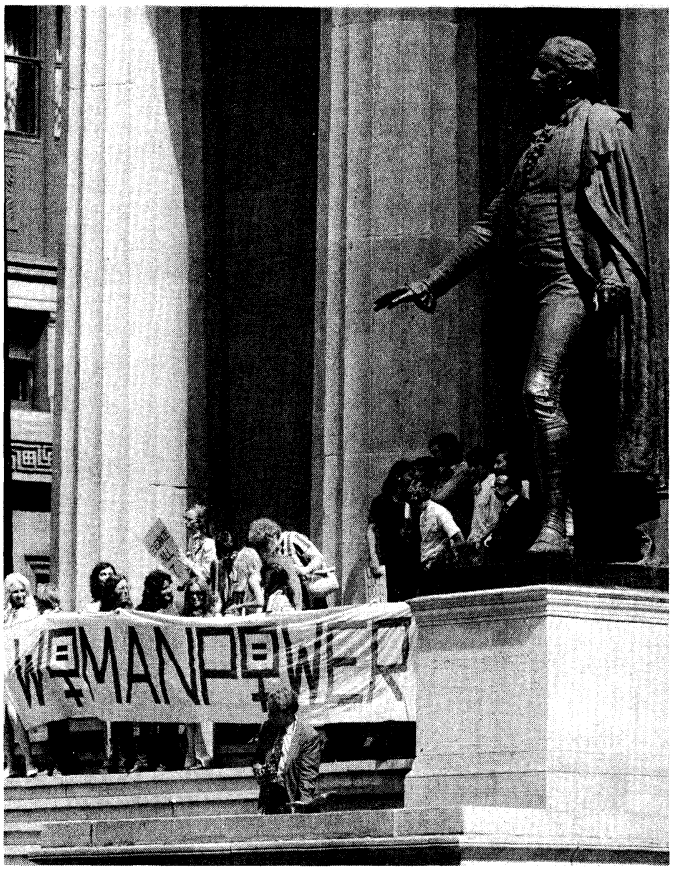
What is the women's movement? If you believe all you read in the papers, it is made up of a small group of malcontents that has applied Marx's ideas of class warfare to the relations between the sexes. As reported in the press and by television newscasters, those who speak for the women's movement are stridently against men. The novelist Joan Didion, for instance, in a critical analysis which appeared in ***The New York Times Book Review*** *on July 30, 1972, concluded that "the 'idea' of the Movement is that women are a class."*

THE SECOND AMERICAN REVOLUTION MAY BE HERE

By Joan Kennedy Taylor



New York Daily News Photo

Is this an adequate summing up of the women's movement? Since the mid-1960s, new organizations and publications have been formed around "women's issues," and even when they are claimed by Marxists, they seem to be hitting a nerve in a wider public. There is something being articulated by feminists that quite a number of American women seem ready to hear.

Take the publication of the magazine *Ms.*, for instance. A group of women writers and editors managed to get backing for a sample preview issue of a new national magazine in 1972, at a time when many national magazines were folding. They ordered a printing of 300,000, which they hoped to sell over a period of eight weeks. It sold out in eight *days*. And they got more than 20,000 letters from all over the country, although they had been told by the editor of a more traditional women's magazine that "four thousand letters of any kind," to a magazine with a circulation in the millions, was an exceptional response.

This response was not to a call for class warfare. It was, rather, to the attitude expressed in the following statement, in *Ms.'* second issue:

"If your asked us our philosophy for ourselves and for the magazine, each of us would give an individual answer. But we agree on one thing. We want a world in which no one is born into a subordinate role because of visible difference, whether that difference is of race or of sex. That's an assumption we make personally and editorially, with all the social changes it implies. After that, we cherish our differences. We want *Ms.* to be a forum for many views. Most of all, we are joyfully discovering ourselves, and a world set free from old patterns, old thoughts. We hope *Ms.* will help you—and us—to explore this new world."

Which description of the women's movement is the real one? Betty Friedan's new book, *It Changed My Life: Writings on the Women's Movement,* has some provocative insights into this very question.

Her first book, *The Feminine Mystique,* had struck me when I read it as a book I should have been able to write. On page after page, my reaction was, "But I *know* this—why didn't I put it together?" It was a book that I had needed; and according to the sales, so had hundreds of thousands of other American women. Betty Friedan, who had given up the study of psychology to become a suburban housewife and mother, had discovered that, in the words psychologist Nathaniel Branden has used, "Women are not excused from being human." That is, that women as well as men cannot function without a sense of self, a sense of purpose, a sense of productivity.

Then she went on to help found several women's organizations, and was too busy to publish another book between 1963 and 1976. Advance reviews of *It Changed My Life* indicated that it was a book made up of bits and pieces—an interview here, a speech there, excerpts from

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a column. But out of these bits and pieces emerges a memoir of life within the women's movement which shows that this movement is a grassroots, genuine reaching out for something positive, and also shows why it is perceived by many people as a small, elite corps of women with disturbing, destructive ideals.

Betty Friedan has always shared the contemporary liberal's view of the appropriateness of solving social problems by government action. She tells us that she considered herself a "radical" before her marriage. "If you were a radical in 1949, you were concerned about the Negroes, and the working class, and World War III, and the Un-American Activities Committee and McCarthy and loyalty oaths, and Communist splits and schisms, Russia, China and the U.N. . . . But in 1949 I was suddenly not that interested in political meetings."

Instead, she devoted herself to marriage and motherhood and found herself in the grip of that cultural glorification of woman's service to others which she was later to call the feminine mystique. This mystique, in Friedan's words, "defines woman solely in terms of her three-dimensional sexual relationship to man: wife, mother, homemaker—passively dependent, her own role restriced to timeless, changeless love and service of husband and children." Although in the early speeches and articles reprinted in *It Changed My Life* Friedan stresses the point that women are responsible for their own destinies (1964: "It is not laws, nor great obstacles, nor the heels of men that are grinding women down in America today."), one can follow with sympathy and understanding her account of how she became a devotee of concerted political action for women.

After the stunning success of *The Feminine Mystique* catapulted its author to fame and fortune, she was invited to the White House by Lyndon Johnson and was courted as an advisor by the liberal establishment she expected to admire. She met the men who were supposed to be running government programs for the benefit of women. And she found that they had only contempt for women. She found that a ban on sex discrimination had been added to the Civil Rights Act of 1964 as a joke, and that Martha Griffiths "had managed to persuade the Johnson administration to *keep that joke* in the Civil Rights Act, or she would force the men to be counted on the floor in 'a vote against women.' " She found a "female underground" in Washington vainly trying to get job training for women included in the poverty program. "Sargent Shriver said to me: 'Why should I try to train a woman, who would rather be my wife and the mother of my children, to use a computer?' " Only a nationally organized pressure group for women would get the law against sex discrimination enforced, she was told by the female underground.

So Betty Friedan became the spark that organized the institutions that we think of as the women's movement in America today. She got together a group of women who formed NOW (the National Organization for Women) in 1966, drafting its statement of purpose and becoming its first president, calling on "American government and industry" to support women in their objectives and to establish "a nationwide network of child-centers . . . and national programs to provide retraining." It is not absolutely clear whether she was calling for government financing of child-care or not in this first speech, but American industry certainly did not respond, and her 1967 President's report called unequivocally for the principle that "child-care facilities must be established by federal law on the same basis as parks, libraries and public schools."

She is threatening the forces of the "left" no less than the forces of the "right."

After the founding of NOW, Betty Friedan went on to write the statements of principles or to deliver opening addresses for other women's organizations, and all these statements are included in *It Changed My Life.* She was at the 1969 meeting in Chicago that organized N.A.R.A.L. (the National Association for Repeal of Abortion Laws) where she insisted that the charter be preambled with: "Asserting the right of a woman to control her own body and reproductive process as her inalienable, human, civil right, not to be denied or abridged by the state, or any man," because, she explains, the originally proposed charter contained "not one single mention of the right of the woman to decide and choose in her own childbearing. It was all about the right of the doctor to perform an abortion without going to jail."

It was Betty Friedan who proposed the march down Fifth Avenue in New York City on the fiftieth anniversary of Woman Suffrage, and who in 1971 and 1972 helped organize the National Women's Political Caucus to put pressure on both Democrats and Republicans to pay attention to women's issues and to the role of women in political parties.

And she went abroad. She spoke to overflowing audiences of women in countries where *The Feminine Mystique* had appeared: England, Brazil, Italy. Everywhere she went, hundreds were expected and thousands came. In Turin, she wrote, "The intensity with which they are listening, despite the continual interruptions for translations, is hungry, scary, as if something here is getting ready to burst." She was granted an au-

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dience with the Pope, of a length that is usually given only to heads of state, even though she made sure that the Vatican was completely informed of her position as an ERA advocate and a supporter of a woman's right to determine her own childbearing. She went to the World Population Conference in Bucharest, and the following year saw several thousand women at the Tribune of Nongovernmental Organizations in Mexico City agree on a world plan of action for International Women's Year, only to have the official U.N. representatives then sabotage it by linking it to a resolution for the abolition of Zionism.

If anyone personifies the American women's movement to women everywhere, surely it is Betty Friedan. It is particularly interesting, then, to see what she sees as important about this movement.

Friedan stressed from the start that, politically, there were two paramount issues which were both the most important and the most controversial for women. These were "equality," in the sense of the abolition of legal discrimination against women and of so-called protective legislation, and the right of a woman to control her own childbearing by using birth-control and, if necessary, abortion. "In actuality, the Equal Rights Amendment and abortion," she writes, "were and are the two gut issues of the women's movement essential to real security—and equality and human dignity—for all women, whether they work outside or inside the home." She argued NOW into taking a stand for the repeal of all abortion laws in its second year, and into supporting the ERA even though this meant that it lost the free mailing privileges previously granted it at the headquarters of the United Auto Workers of America.

And abroad, she found that her advocacy of legal equality and the right to abortion provoked opposition from an odd coalition of enemies. At the World Population Conference in Bucharest in 1974, she wrote, "I saw a curious alliance of the Vatican, the Communists and the Third World Nations (Latin America and Arabs especially) oppose woman's right to control her own body and equality for women as 'irrelevant'."

Between the lines of *It Changed My Life* is the picture of Friedan delivering her message to a huge international audience of women hungry to hear it, and gradually coming to grips with the fact that in so doing, she is threatening the forces of the "Left" no less than the forces of the "Right." Her awareness of the importance of this is scattered throughout the book, but is not hard for the reader to piece together.

From the beginning Betty Friedan saw that she was calling for some sort of revolution, but she knew it was not a Marxist one. In a speech on the fiftieth anniversary of Woman Suffrage, she said, "What we do here will transform society, though it may not be exactly what Karl Marx or anyone else meant by revolutionary." And in a column for *McCall's*, she wrote, "There are no blueprints for our revolution, not from Karl Marx or any of the other ideologues of exploited classes, for the relationship of woman to man is not the same as that of worker to boss, of oppressed to oppressor, of black to white. We can only find our blueprint from our own unique experience." Later, on a speaking tour in Italy, she realizes, "The revolution I am talking about is not revolution, Italian style. In Italy, revolution still means 'communism,' and the Italian Communist Party, the biggest in Europe, is taking almost the same reactionary line about divorce and abortion as the Catholic Right-wing parties."

From the beginning Betty Friedan saw that she was calling for some sort of revolution, but she knew it was not a Marxist one.

But if the women's revolution is not a Marxist revolution, what kind of revolution is it? Friedan hoped that the existentialism of Simone de Beauvoir, which had influenced her in her youth, would have some answers, particularly after de Beauvoir publicly identified herself as a feminist. Friedan went to interview her, feeling that "someone must know the right answer, someone must know for sure that all the women who had thrown away those old misleading maps were heading the right direction, someone must see more clearly than I where the new road ends."

But she didn't find answers that she could accept from the woman whose work had started her on her own road to feminism. "I recognized the authoritarian overtones of the supposedly Maoist party line I'd heard from sophomoric, self-styled radical feminists in America."

Friedan had already tried, once in NOW and once in the National Women's Political Caucus, to bring together broad-based groups of women who would be willing to transcend political differences, but found to her dismay that "the radicals seemed to take over." Both political groups ultimately were taken over by radical Left-oriented leaders, who pushed her out. She had expected that the forces she identified as Right-wing would oppose the women's movement, as the ERA moved toward ratification, and was not surprised that "reactionary political and economic forces became more open in their flagrant opposition to the women's movement for equality. For we were mobilizing to political independence that great mass of women which had always been

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manipulated by dictator, demagogue, priest and profiteer. But what I didn't then understand was the degree to which our own political mobilization of women was threatening to forces on the Left."

Betty Friedan really intended women to think for themselves, not to be maneuvered as a bloc. She intended the women's movement to be a movement toward personal happiness and individual fulfillment, for both men and women. Over and over, she stresses that man is not the enemy, that what she sees is a sex-role revolution. She was one of the people who introduced the term "sex-object" into our vocabulary as a derogatory term, but she does not use it, as some other activists do, to denigrate sexual love. "I protest," she writes, "that passionate sexual love cannot be experienced if it is divorced from what we really are ourselves. Those obsolete masculine and feminine mystiques—the masks we've been wearing which didn't let us be or know ourselves—made it almost impossible to know each other." For her, the opposite of "sex-object" is "the new image of woman: as person, as heroine."

It is not until her dismaying encounter with the realities of international power politics at the International Women's Year Conference in Mexico City that Friedan finally puts together her heroic view of women's liberation with her growing awareness of what Marxism means in action. The "global speakout" at which women really talk to each other unofficially is not reported in the world press. The U.N. sabotages the plan of women to set up a World Tribunal for Women. She sees that it is primarily the Third World and Communist countries that are responsible for the disruption, and is told by a woman from the World YWCA, "The real explanation is so far-out you won't believe it. It was because you really got the women united, including the Third World women. And then you began talking about a World Tribunal of Women. That did it. You see, the Communists are planning this huge world conference of women in Berlin. They want to get the women's movement under control, so that's why they set up International Women's Year."

She intended the women's movement to be a movement toward personal happiness and individual fulfillment, for both men and women.

Friedan sums it up: "From discussion with political scientists, I see that the women's movement and feminism are threatening to Communists because (1) they cut across class lines and go against a strict class analysis of history and revolution; (2) they put too much emphasis on the individual and self-fulfillment, on a woman's right to control her own body and her own destiny, on the fact that she is not just a sexual or economic instrument; (3) if women began to understand the concept of 'personal as political' in Communist lands, and arose from their tired passivity, it would shake more than women's lives; (4) sexual liberation itself is threatening; the permutations of women's passivity and rage into everybody's sexual alienation are as basic to acceptance of communist oppression as of capitalist exploitation; (5) the women's movement is a real mass movement for revolutionary social change, and it is spreading world-wide. And it didn't come from and can't be controlled by the Communists."

Did she ever discover what kind of revolution she was advocating? I think she did, in Mexico City, where she kept being attacked by questions about links between the women's movement and the CIA. "One had to keep repeating," she writes, *"I and feminists generally are certainly not agents of American imperialism . . . .* But the fact is, I am an American, and in Mexico City, I realized that acutely. I've understood before that shame at your country's evils comes from commitment to its values. But in Mexico I suddenly had the insight that the women's movement itself was based on the values of American democracy—the belief in individual dignity and freedom, equality and self-fulfillment, and self-determination, as well as the freedom to dissent and organize."

There is a political philosophy explicitly based on these American values—on the thesis that the basic political unit is the individual, whose natural rights, as articulated in the works of John Locke and others, may not properly he curtailed by any government. This philosophy is Libertarianism, and its values are indeed individualism, freedom of thought and action, equality before the law, and "the pursuit of happiness" (self-fulfillment and self-determination). I personally think that Betty Friedan is right in identifying them as the values of the women's revolution, which she calls "the second American revolution;" even though (since Libertarians would hold that the role of government which can be deduced from these values is that it get out of the way) I think she is wrong in thinking that they can be achieved through government programs.

But she is right in her analysis of why a revolution was needed in the first place.

In a 1964 article, one of the first included in *It Changed My Life,* Friedan quotes a letter from a reader of *The Feminine Mystique* who had gone (some years

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after graduation) to the alumnae vocational agency of her college, for job advice: "I asked what vocational opportunities were possible for a reasonably intelligent, energetic woman, holder of an AB degree. I was ready and willing to pursue further study or training, and I wanted some information about possibilities. I shall never forget the advice I received from the woman in charge of the agency, and I quote: 'Go back to your kitchen and stay there and make jam!' "

A few years later, Friedan said in a speech, "Woman's life has been confined by dailyness—cooking the dinner that gets eaten, and must be cooked again, sweeping the floor that must be swept every day—and transcended only by the biological birth of our children. It has never been completely human."

The two fastest-growing sociopolitical movements in the United States today, libertarianism and feminism, agree on the importance of "our one and only life."

Some years after that, in 1971, in an article published in *Modern Age* entitled "Freedom, Inequality, Primitivism and the Division of Labor," the Libertarian scholar Murray Rothbard elaborated (I believe coincidentally) on why "dailyness" should have this effect. He said, "No one can fully develop his powers in any direction without engaging in *specialization*. The primitive tribesman or peasant, bound to an endless round of different tasks in order to maintain himself, could have no time or resources available to pursue any particular interest to the full. He had no room to specialize, to develop whatever field he was best at or in which he was interested . . . . Without the opportunity to specialize in whatever he can do best, no person can develop his powers to the full; no man, then, could be fully human."

It is a revolution in consciousness, not government, that Betty Friedan sees in the process of coming; a sex-role revolution, in which women as well as men can become fully human. And she sees that American institutions, even the economic system that she criticizes, are ultimately receptive to such a revolution. "Sure, sex discrimination was profitable—still is for some companies. But for the economy as a whole - yes, even under rotten old capitalism which may or may not have the power to regenerate itself - equality between the sexes, participation of women, with all the rewards thereof, is becoming one of the main sources of new energy."

The women's movement is a world-wide grass-roots movement, based on values that are unconsciously Libertarian. There seem to be strong forces trying to negate it by co-opting it: by international Communist action abroad, and (in Friedan's opinion) by preaching a Marxist-based rhetoric of sex warfare at home. "All who read and understand these words, share responsibility with me not to let this happen," she writes.

She is not alone in this opinion. Vivian Gornick, in the article "Feminist Writers: Hanging Ourselves on a Party Line?" *(Ms.,* July 1975) writes that to adopt doctrinaire touchstones of any sort "undermines what are, for me at least, the extraordinary and exciting underpinnings of feminism: namely the desire and growing ability to see things as they are; to examine experience entirely in its own terms; to truly explore the country of self-determination. After all, did we not become feminists to think for ourselves?

". . . To have an agenda of this sort in the mind is, again by my lights, to have missed the point entirely of the feminist struggle; which, God help us, is surely not to turn us into card-carrying ideologues, but rather to help us develop in ourselves the ability to think and feel clearly in order that each of us may better control this, our one and only life."

Perhaps the two fastest-growing sociopolitical movements in the United States today, Libertarianism and feminism, agree on the importance of "our one and only life." Both movements assert the value of the individual and the necessity of reexamining the assumptions of our culture. And members of both are thinking in new categories, stressing independence of thought, stretching their minds to encompass new ideas that are not what they have been taught. Libertarians are working for a world of civil liberties and economic freedom, basing these goals on a commitment to the importance of individual rights. Feminists are working for the legal and social self-realization of women, a goal that they see as requiring a commitment to the value of living for oneself and not for others.

The two goals are mutually compatible. They may even imply each other. Both spring from a passion for individual freedom and self-responsibility whose time seems to have come, and which may indeed be the second American revolution.

Joan Kennedy Taylor was the editor of Persuasion magazine from 1964 to 1968, and was co-author with Lee Shulman of WHEN TO SEE A PSYCHOLOGIST. She is a member of the Association of Libertarian Feminists.

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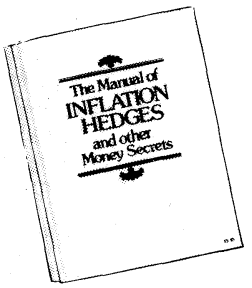

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The main reason for making a serious effort to reverse the arms race is to save the human race from destruction, to improve our own security, and to assure the measure of life that is possible for ourselves and our children. But if these are the most important issues, why then discuss the economic consequences of war economy? There are two main reasons for doing this: first, because of the destructive effects of a war economy; second, because of the widespread belief in the United States that war brings prosperity.

THE ECONOMIC CONSEQUENCES OF WAR ECONOMY

By Seymour Melman

print by Hank Virgona

The history of modern capitalism is a history of alternating prosperity and depression. Instability in output and employment levels has been an integral part of modern industrial capitalism. A depression means at least a temporary inability to organize production, and that's what an economy is supposed to do. When the inability to organize production becomes sustained and is not reversed by self-correcting economic processes, then such a "permanent depression" denotes a massive failure in the economy.

The present range of theories from left to right, with respect to industrial capitalism and its crisis, are the proper introduction to this analysis. On the right the judgment prevails that unemployment is a proper offset to inflation. But evidently we now experience both substantial unemployment and inflation. In the liberal center, the mainstream economic theories are that recession/depression can be offset by a high level of government spending. We now have both depression and a high level of government spending. On the left, taking the cue from the way World War II apparently resolved the Great Depression, the theory of monopoly capitalism holds that the options for such an economy are either stagnation or war economy. We now have both.

The point of this brief summary is that the mainstream theories of industrial capitalism and its fluctuations are now inadequate to account for the course of events. I submit that one reason why the conventional theories from left to right are not working is because a new factor has entered the scene. The economists have, until now, not taken it into account.

That new factor is the presence, the operation, and the consequences of a permanent war economy.

A war economy is one in which military activity is a continuing and important activity, and in which its product is regarded as an ordinary economic end product. Hence, military goods and services are given money values and are counted in with all other money-valued transactions to measure the gross national product. When such an economy prevails for as long as 30 years it is no editorial excess to understand it as durable, hence as permanent war economy.

From 1946 to date, the government has expended in the budgets of the Pentagon more that $1,500 billions. That is equivalent to about 63% of the money value of everything that is man-made and reproducable on the surface of the United States. During this period technology and capital, key ingredients of "industrial capitalism," have both been pre-empted for the military enterprise. Technology denotes "industrial," and the control of "capital" is a crucial ingredient to the business process. Therefore we must heed the fact that the military branches of government have consumed about 80% on the average, of the research and development funds annually expended by the federal government.

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Research and development strongly determine the shape of technology. On the control of capital: the annual budgets of the Department of Defense from 1951 to the present day have exceeded, every year, the after-tax profits left to *all private corporations.*

Insofar as the control of capital and technology denote control over crucial ingredients of industrial capitalism, then it is reasonable to infer that the U.S.A. is *no longer operating as a private capitalist economy.* It has become a military economy form of a state capitalist economy.

What are the main ingredients of the operation of such an economy? That is the clue to the dual condition of an arms race economy: high levels of military activity and government spending coupled with economic stagnation.

The first factor is the operation of a resource trade-off. When you state the matter in elementary terms it seems obvious enough. The steel, the aluminum, the man-hours that are used for military purposes cannot at the same time be used for other purposes. And that's the underlying basis for the detailed reasoning that was diagnosed by Bruce Russett in his study, "What Price Vigilance?" He calculated that for every billion dollars of spending for military purposes, we lose the following in other activity: we lose $187 million in services; $163 million in durable goods; $128 million in state and local government consumption; $114 million in residential structures; $110 million in producers durable equipment, and so on. In a word, there is a trade-off. The resources used up for military purposes are unavailable for others.

Secondly, economists ordinarily estimate economic activity in terms of money-valued goods and services produced. But the diagnosis of war economy requires attention to a differentiation between activities that are money-valued. Some are economically productive and others are not. Economically productive means useful for level of living or useful for further production. Thus, if goods and services lack these characteristics, then whatever their money value, they are not economically useful. So military goods and services do have political or military worth. But that is different from the meaning of economic use value given here. As one makes that differentiation, one escapes the entrapment that is characteristic of our economists, from left to right. We are then able to account for that part of money-valued activity which yields no economic benefit to the community even though the people doing the military work are paid.

As a preponderance of technology and capital resources have been used for non-productive growth over a 30-year period, one can then begin to understand how it could happen that the United States could have a recent history of high-level employment and economic growth measured by money-valued gross national product—while also sustaining decay in industrial productivity and in the physical and other characterisitics of life in the main population centers of the country. The trade-off in use of resources caused by a long war economy affords the only plausible explanation for the dual existence of those two phenomena.

The war economy trade-off also involves a trade-off in employment. That is because the military economy is, economically, at a dead end. A cannon, once made, cannot be used to produce anything, as contrasted with a building or a piece of machinery, or a tool, or a pen. The result is that military activity generates less employment in terms of the dollars expended than does civilian work.

Thanks to the enterprise and the ingenuity of Marion Anderson, of East Lansing, Michigan, PIRGIM (Public Interest Research Group in Michigan) published a report in April, 1975, called "The Empty Pork Barrel," which estimated the number of jobs lost in the various states of the union, owing to the transfer of resources from civilian to military economy. The estimate, a conservative one, for the country as a whole, was 844,000 jobs lost because of the funds being used for the military. State by state, the matter is of great moment indeed. Thus, the loss to New York State, 426,000 jobs, leads the country. Illinois is next with a loss of 174,000; Michigan 172,000; Ohio, 146,000; Pennsylvania, 127,000; Wisconsin, 72,000; and so on. At the other end there are the states with net jobs gained. This corresponds to the transfer of tax money into these states from elsewhere. So we find Texas, net job gain—133,000; California, net job gain—about 97,000, and so on. For the most of the states the consequence of the resource pre-emption for the military is job loss.

There is another basic characteristic of the resource trade-off: a decline in production capability. This comes as quite a shock as Americans gradually and belatedly perceive the possibility that the United States is no longer No. 1 in many important spheres of industrial technology. In the crucial machine tool industry, whose products are the machines used to make other machines, U.S. industry lost the front row position in the world scene. That is now occupied by the machine tool industries of West German, with the Japanese and the Soviets (especially the Japanese) moving up very fast indeed. And so, by 1972 it was reported in machinery industry trade journals that the United States was using the oldest stock of metal-working machinery of any industrial country in the world. 65% of America's basic machines were more than 10 years old. That was an average of basic machinery that had not been seen in this country since 1940, that is after 10 years of the Great Depression. Unnoticed by most Americans, something was obviously going on during the decade of the 1960's which had the quality of a Great Depression in stagnating the basic equipment of U.S. industry.

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A second indicator of declining U.S. production competence is the turnabout in the record of declining prices of industrial electrical power. Until 1966 the average annual price of electric power to industrial users declined in this country. That's a remarkable fact. It means that the efficiency in converting fuel to electricity, and transmitting it, improved so much each year as to offset rising prices of fuel and rising wages of labor and the like. Electricity prices started to rise after 1966. That is explained by the massive shift of technology/manpower and capital resources into the nuclear side of energy research, development and investment. That was a development strongly favored by the federal government and its military and allied nuclear establisment. It resulted in the construction of plants with appreciably lower reliability than had been desired or anticipated. It also means neglect of further development of the older, more traditional techologies. The combined effect was a net loss of production efficiency and a rise in the price of electricity.

This meant that for industrial firms and others, there was no longer the same economic justification for using more electric power instead of manpower.

The American pattern is the use of technology resources can be readily compared with that of other countries. Thus, in the countries of the European Common Market, for 1967, about .42% of the national product was expended for military and space research. In the United States it was 1.5% or about three times the European proportion. And that has everything to do with understanding what otherwise defies explanation. The Cities of Holland, West Germany, Sweden, of Switzerland, are startlingly modern, shiny, showing the face of the 21st Century in architecture, amenities, transportation, general quality of life. It takes no more than a few blocks' inspection of New York City to see the evidence of decay in amenitites, services and quality of life.

The consequence of the massive capital and technological resource priority given to the military has been to generate a crisis in productivity in the American economy. By productivity I mean the output per average man-hour worked. It is this crisis in productivity which I regard as the essential "new element" in the economic scene, generated by the permanent war economy. It warps economic phenomena of every kind, causing a breakdown in the predictive power of economic theories from left to right. The prime evidence of the breakdown in U.S. productivity growth is the new inability of U.S. industry to offset the U.S. wage.

For a hundred years, industrial firms in this country had the distinction of being able to offset the highest wages in the world with productivity increases, owing to improvements in mechanization and organization of work. Thereby it was possible to pay the highest wage and produce products that were acceptable on the domestic market and elsewhere in the world. Here are the average annual changes in output per man-hour during the period 1965-1970:

Belgium	6.8%	Italy	5.1%	Switzerland	6.2%
Canada	3.5%	Japan	14.2%	United	
France	6.6%	Netherlands	8.5%	Kingdom	3.6%
Germany	5.3%	Sweden	7.9%	United States	2.1%

These data, prepared by the U.S. Bureau of Labor Statistics, give us a measure of the deterioration in the productivity process in the United States.

By contrast we have to confront the fact that it is self-deluding to assess the economic significance of the military budget by comparing it with the gross national product. The latter category includes the value of every can of beer and every other money-valued output or transaction. In industrial capitalism, the crucial categories for assessing production capability are technology and capital. In those respects, the preponderance of resources going to the military account for the decline in domestic productive capability.

In parallel with this domestic process there has been a massive exportation of capital. Holders of private capital funds in this country have found it more agreeable to invest abroad, rather than in the United States. Cilvilian economic growth in Western Europe and Canada in particular has proceeded more rapidly than in the United States, return on capital was calcuably swift. And so $31 billions of capital was moved *out* of this country during the 1960's alone.

The consequence for the American economy includes the fact that 3 to 4 million jobs were terminated, effectively exported from the United States. So the United States became a community offering less opportunity for productive employment. Some economists have sought to rationalize this on the grounds that we're becoming a "service economy." I'll say it differently: As deterioration in productive capability occurs, there's less productive work opportunity. Then services become a larger part of employment, especially as administrative work is boosted by government and private managers. This is no natural law. In point of fact it mirrors a vast deterioration. There is no conceivable purchase of managerial or other services from the United States that could off-set the drain in capital and the unavailability of opportunity for productive work. The deterioration in U.S. productive capability has many implications, and I will identify some of them.

First, it has involved the creation in this society of a new cost-plus economy. Most of that economy is clearly composed of the military-servicing firms. But the infection of operating to maximize cost and to maximize subsidy has spread into civilian industries and services as the military economy has been held up as an example to be followed.

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Second, inflation of money values and of prices are a by-product of war economy. Inflation means price increases in greater degree than is indicated by, say, the savings bank rate of interest. So if your money is in the bank at 6% and prices increase 8%, then your money loses 2% value approximately, year by year. That's why it is crucial to appreciate that in West Germany, price increases have not exceeded bank interest rates. But in the United States, price increases of 12% have resulted in a clear reduction in purchasing power and level of living for millions of people. Domestically, inflation has another effect—namely, a redistribution of income. Professor Sylvia Hewlett of the Economics Department of Barnard College, Columbia University, has demonstrated that the inflation process in the United States has resulted in a transfer of income from low-income to higher-income parts of American society.

The U.S.A. is no longer operating as a private capitalist economy. It has become a military economy form of a state capitalist economy.

A third consequence is that we have bred a new state capitalist economy and, through that, new members of and new chiefs of a ruling class of this economy and society. If the crucial factor in capitalism is control of capital, then unmistakeably the chief controller of capital in the United States is no longer David Rockefeller and his institutions. Rather it is the President and his subordinates who control the lion's share of capital in the U.S. economy.

A fourth effect. The political and some of the economic institutions of the United States have been made "hostage" to the Pentagon. The Members of Congress, the officers and many members of the trade unions, have become hostage, because the Pentagon appears, in the short term, as a provider of jobs and a guarantor of income. In order for Congressmen to appear successful in bringing jobs to the district, they must be on good terms with the Pentagon. A similar mechanism operates among many trade union officers.

Item five. Closely allied to this effect is the success, thus far, of the military establishment and its state management directorate in preventing any and all capability for conversion from military to civilian economy. That provides a crucial ingredient in cementing the hostage relationship—in making it appear immutable, in making the people involved feel dependent and helpless.

A sixth effect of the war economy development is outside our country, but one that affects us very much indeed. Among developing countries of the world their own military budgets (including purchases of arms from the United States and other industrialized countries) use up the entire capital fund that would otherwise suffice for the economic development of these countries. Of course the responsibility involved here is many-sided. Of course the United States government plays a role, hustling its weaponry around the world in an effort to soak up dollars spent abroad on U.S. military enterprises, and hopefully preventing further decline in the value of the dollar. But the governments of the developing countries play a key part. For they make the crucial decisions on their own arms budgets and purchases.

Finally I want to dwell on one point involved in all of this. Decisions made by a state management in Washington are really no decisions in their own right. They can only issue orders to the American people. But if the people are not prepared to accept their instructions and to carry them out, then those instructions would not constitute a decision. But the American people have thus far been more than willing to participate in accepting and implementing the operation of a permanent war economy, because of the belief that war brings prosperity. That idea is based upon a series of experiences and assumptions. It involves the ideological understanding of what this country and economy are about.

It involves the assumption that this is a country of unlimited resources. Not true. The resources are finite. It involves the assumption that money spent means addition to money in circulation and to the national product, and that it doesn't matter what it's spent on. Not true. It does matter what it's spent on, because you can't have both a productive and a non-productive effect from the same activity, from the same materials. The assumption has been that money-measured economic growth is, alone, the thing that matters. Not true. It matters very much what is the *composition* of that growth. Crucially, it matters very much how the technology and capital resources are expended. It has been assumed that a job is a good thing to have and it doesn't matter what job. Not true. For the society it matters very much which jobs are held.

How did the assumption that war brings prosperity take root and acquire its present cohesive character? It came crucially from the experience of watching World War II terminate the unemployment and the capital stagnation of the Great Depression. But it was erroneous to assume that the four-year experience of World War II was a competent baseline for estimating the consequences of a 30-year long military economy. During the

(continued on page 46)

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Perhaps the only beneficial effect of the brutal and unnecessary war in Indochina has been the revival of debate concerning the purposes of U.S. foreign policy. After a quarter century of bi-partisan evasion and programmed consensus, Congress and the press have begun to question the wisdom of allowing a king-like President and a swollen military bureaucracy to involve us in war at every turn.

FOREIGN POLICY FOR AMERICANS: NON-INTERVENTION

By Joseph Stromberg

Unfortunately, this debate has fallen far short of examining the basic premises which have brought us to a universally deplored state. A few critics have asked whether, in the name of stopping "Communism," we have not ourselves become an imperial power with the guilt and the burdens such a role entails. There *is* a genuine and far-reaching alternative approach to foreign affairs—one which rejects the very premises of present policy—but up to now it has remained largely unknown.

That alternative is *non-intervention,* the position of those who call themselves Libertarians.

Non-intervention, sometimes called neutrality or "isolationism," is the application of Libertarianism to foreign affairs. Since our philosophy calls for the use of force only in self-defense against those who violate the rights of individuals to their life, liberty or justly acquired property, Libertarian principles call on the American government to restrict its use of force in international relations to repelling actual attacks on the United States itself. Unlike Liberals and Conservatives, Democrats and Republicans, who argue over how much aid of what kinds should be sent to which oppressive regimes abroad, or exactly where American military might should be applied, Libertarians reject the whole notion of a U.S. role as either world policeman or a do-gooder busybody.

Non-intervention, unique now to Libertarians, was a strong tendency in American foreign policy until this century. It was well regarded by the men of our revolutionary era as they faced the concrete tasks of charting sound policy in a world of great power rivalry and large empires: a world much like our own.

Our first President, George Washington, enunciated the non-interventionist viewpoint in his celebrated Farewell Address to the American People, in 1796. He urged his countrymen to avoid sentimental attachments to and partiality toward any foreign nation, since such unrealistic ideas would promote U.S. involvement in wars unrelated to our true interests. While maintaining liberal and impartial commercial relations with the nations of the world, America ought to "have with them as little *political* connection as possible," Washington said.

This philosophy of cosmopolitan neutrality, embracing free cultural and commercial exchange, excluding only entangling "permament alliances," reflected the peace-loving individualist liberalism of 1776. It was reiterated and implemented by John Adams, our second President; and Thomas Jefferson, in his First Inaugural Address, in 1801, called for "peace, commerce and honest friendship with all nations, entangling alliances with none." And so it went: non-intervention, despite serious lapses, was the major theme in American foreign relations up to 1898, and even to 1917. Libertarians believe it to be the essential tenet of sound policy now, as then.

Libertarians consider complete and unfettered trade and exchange with all peoples, and total absention from meddling in their affairs, as the path most productive of immediate *and* long-run world peace and prosperity. Such a policy may seem "middle class" and dull compared to the destructive heroics of gunboat diplomacy like the *Mayaguez* incident, or the flashy "shuttle diplomacy" of a Henry Kissinger; but whenever and wherever applied, non-intervention *has* worked, and it would *not* have led us to Korea, Vietnam, or Cambodia.

Libertarians see an intimate connection between complete free trade and world peace. We believe that all restrictive measures such as tariffs, quotas, and attempts to extend the traditional three-mile limit, aside from injuring American consumers, can only provoke hostility from the countries most affected. It is no accident that both world wars followed periods of galloping neo-mercantilism and virtual economic warfare. Japan, for example, was seriously injured by British, American and other nations' policies in the 1930's, and disastrously chose military adventurism as a way out.

In the 20th century, however, American statesmen have largely ignored the arguments for non-intervention and free trade, with consistently catastrophic results. Under a variety of slogans, American leaders have risked and waged war to "find" and retain export markets (allegedly essential to U.S. prosperity), to enforce American ideals of order, and ultimately to prevent all

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revolutionary change in the world. Opponents of the policy have been smeared as "traitors," "pro-fascists," "isolationists," "pro-Communists," "naive pacifists," or whatever the current bugaboo was. Yet the case against attempting to subject change throughout the world to an Amercian veto has not lost its validity in seventy-odd years.

The practical case against intervention is simplicity itself, but not less true for being plain. The destructiveness of modern war, in which massive terror-bombing against civilians is "normal," is—or should be—obvious to all. Modern wars undertaken to "save" a country—South Vietnam, for example—inevitably end by destroying the lives and property of those supposedly being saved. Who can doubt that without U.S. participation the Vietnamese civil war would have been far less bloody and costly for the Vietnamese people? To say nothing of the utter waste of thousands of American lives and untold treasure squandered in a futile crusade.

The damage done to our own country by meddling in such conflicts is incalcuable. To begin with, there is the loss of life and limb among those sent to fight (usually after being conscripted) half-way around the world from their homes for incomprehensible causes. There are also grave costs to our prosperity: all the talk of "war booms" notwithstanding, it is obvious that the expenditure of vast sums upon sheer destruction necessarily reduces the people's standard of living below what it would otherwise have been and redirects economic activity away from life-enhancing channels.

Less obvious, but of critical long-run significance, are the institutional changes brought about the imperial role into which the past few Presidents have cast our country. War critics have warned again and again that our freedoms could not survive "perpetual war for perpetual peace," from Charles Pinckney reminding the Constitutional Convention that military adventures have always undermined republican forms of government, to Robert Taft, Sr., William Fulbright, and others repeating the warning in our own time.

In the 20th century, American statesmen have largely ignored the arguments for non-intervention and free trade, with consistently catastrophic results.

The incarceration of the Japanese-Americans in World War II; executive "emergency powers" that are never recinded; innumerable special economic controls; outrageous taxation; nearly runaway inflation—all derive from the "hot and cold" war posture in effect since 1940. That policy has also brought us inflationary recessions, Watergate, CIA/FBI surveillance of everything that moves, the farcical Angolan adventure, the squandering of taxpayers' money on nearly every despotic regime on earth (save those professing Marxism—but we may yet see military aid to Communist China), and the restoration of legalized impressment, the very system of "draft" slavery from which so many of our ancestors fled.

Thus, the people suffer, but Executive, the bureaucracy, the generals and admirals revel in the glory of it all. It is time to end their little games, played with our lives, property, and liberties.

Revolutions in the Third World, by destroying feudal institutions, are often the path to modernization. That Communists sometimes take the lead in such revolts is unfortunate, *but it is no threat to America.* Moscow and Peiking can no more direct and control these revolutions than Washington can suppress them. Our own Revolution began this process of anti-colonial, anti-feudal liberation, but— luckily for us—without pursuing the false goal of socialism.

America cannot and should not police the globe with sermon and sword, but she *can* be a model of a free and peaceful society by creating what historian Charles Beard called "the open door at home." Non-intervention is an essential means to that end.

In the current context, non-interventionism implies:

— An immediate end to governmental foreign aid, military and "humanitarian" alike. Experience shows aid to be a tool of power politics, and most aid serves to subsidize U.S. exporters at the expense of U.S. taxpayers, as well as to cripple free enterprise in the countries assisted, whose businesspeople cannot compete with undervalued U.S. goods. Genuine free trade would help underdeveloped nations far more than "aid," especially as the bureaucratic middlemen of the two governments would be eliminated. And, of course, the American taxpayer would be relieved of all this ill-considered burden.

— Withdrawal from NATO and other multilateral and bilateral commitments to American military action.

— An end to the American government's role as gunrunner to the world. Total disengagement from the Middle East, where lasting peace can only come from negotiations by indigenous forces, and where our presence merely adds fuel to a fire that threatens at any moment to consume us all.

— Full free trade with all nations, including Russia and China; but the American taxpayer must not be

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forced to guarantee loans to these or any other countries, as in the Soviet wheat deals. All exporters and investors must take their own risks and connot ask the citizenry to subsidize—or even to die for their right to do business.

— Return of American troops to our own borders.

— Serious negotiations to eliminate nuclear weapons.

— Finally, important in itself and as a symbol of a renewed commitment to non-intervention: withdrawal of the United States from the United Nations. As Roger MacBride, the Libertarian Party's Presidential candidate in 1976, has said, "The record shows that when the Big Powers want to negotiate, they negotiate. The UN is neither a help nor a hindrance there." It is, in fact, a costly Babel of bureaucratic parasites—parasites on the black, brown, yellow and white bodies of their own peoples, and of ours—that should be firmly invited to quit our shores.

As non-interventionists, Libertarians believe that free and productive Americans, provoking no one, can be counted on to defend their lives and property in the event of actual attack on the United States, and that this fact will deter any such attack. To militarize our society for "defense," as our government has done, merely shows lack of real confidence in free men and women. Prepared to defend a homeland, but not to build an Empire, we need not fear the enemies of liberty, whether foreign or domestic.

Intervention stands condemned for every possible crime against humanity and liberty. War or peace is the most important question of our time. Peace and freedom depend on the true American policy of non-intervention.

Echoing the ancient slogan that means: Let people be, and let the nations be joined by peaceful trade, we Libertarians say:

Laissez faire, laissez passer.

Joseph Stromberg is a graduate student in history, and has written for a number of libertarian publications. His essay originally appeared in the LP News, and is reprinted here as a prelude to his much longer study of a proper American foreign policy which will be published in a future issue of LR.

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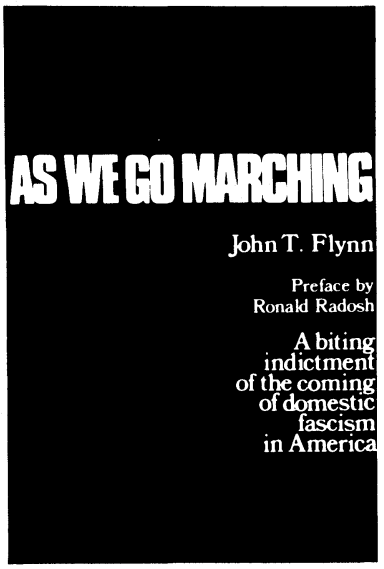

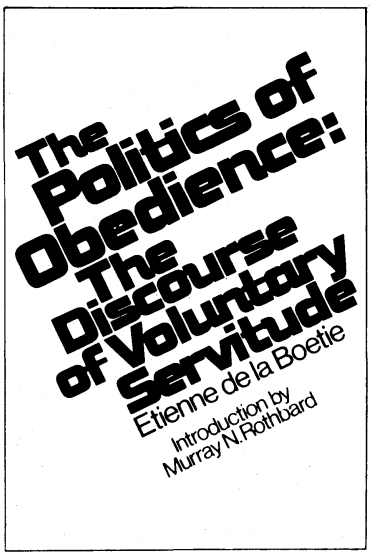

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(COMMENTARY—continued from p. 2)

way Slave laws as a "first step" toward freedom. Besides ignoring all questions of morality in his quest for the efficient economizing State, Pool exhibits a pronounced ignorance of the political process and of history. Perhaps it is from this that our major disagreements spring.

An American abolitionist who struggled with similar issues over one hundred years ago put it more eloquently than I can hope to: "Those who profess to favor freedom, and yet deprecate agitation, are men who want crops without plowing up the ground. They want rain without thunder and lightning. They want the ocean without the awful roar of its waters. This struggle may be a moral one; or it may be a physical one; or it may be both moral and physical; but it must be a struggle. Power concedes nothing without a demand. It never did, and it never will. Find out just what people will submit to, and you have found the exact amount of injustice and wrong which will be imposed upon them; and these will continue until they are resisted with either words or blows, or with both. The limits of tyrants are prescribed by the endurance of those whom they oppress." Frederick Douglas, August 4, 1857.

One final parting shot is in order. Poole states that "the easiest way to do this (introduce 'private' firms into 'public' areas) is via competitively-awarded short-term contracts, still paid for by tax money." But such competition for state grants and favors is quite different from competition on the market. On the market one becomes successful by satisfying the desires of the consuming public. Under state control other means of "reaching the top" arise. Kickbacks, bribes, corruption, campaign contributions, nepotism, and so forth all come into play (not to mention the lack of competence of bureaucrats and politicians to determine "efficiency"). Hence, chances are that the worst (from a consumer viewpoint) will be the best (from a bureaucratic-political viewpoint). Poole would do well to check a few books out of the library, namely *Socialism* and *Bureaucracy* by Ludwig von Mises and *The Road to Serfdom* by F.A. Hayek.

Tom G. Palmer, Annapolis, Maryland

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Books and the Arts

THE STRUGGLE TO CONTROL OIL

By Alan Fairgate

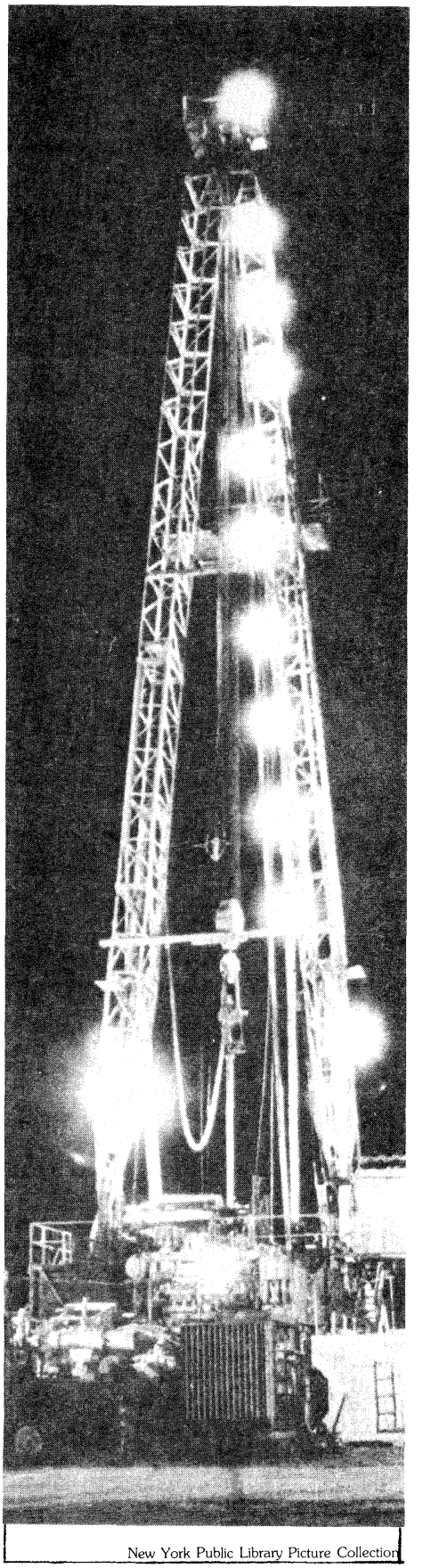
The Control of Oil
by John M. Blair
Pantheon, 1976
441 pp., $15.00

John Blair's book is destined to have an important impact on public opinion, not so much because of its intrinsic value but because of the timing of its publication. During the last session of Congress, the oil industry succeeded in defeating a major campaign for the vertical divestiture of the major international petroleum companies. Championed by such prominent Senators as Kennedy, Bayh, Tunney and Abourezk, the legislation would have required the major oil companies to restrict themselves exclusively to one of the four major stages of petroleum operations—production, refining, transportation or marketing—and to divest themselves of any assets that they own in any of the other three stages of production.

While many observors believe that any further attempts to introduce such legislation are unlikely to succeed, petroleum company executives are maintaining an uneasy watch for any signs that a new legislative offensive might be launched at the instigation of a Democrat-controlled executive branch. *The Control of Oil*, with its systematic critique of the multinational oil companies and its strong support for divestiture, has already aroused considerable interest in Washington and its reception is being carefully watched by the oil industry. The importance of the book is indicated by the fact that it was reviewed in the *New York Times* not once, but twice, and that it was the subject of an extensive review in the *New York Review of Books* by none other than John Kenneth Galbraith.

One thing which will certainly increase the influence of the book is the background of its author. Dr. John Blair was a prominent figure in regulatory circles in Washington, where he first gained public attention as the director and author of the classic "Staff Report on the International Petroleum Cartel" prepared by the Federal Trade Commission and published in 1952. This report catalyzed a prolonged antitrust suit against the leading international petroleum companies but, as a result of strenuous pressure from the National Security Council which opposed the suit for "national security" reasons, the suit was eventually settled through a series of virtually meaningless consent decrees. Following his work with the FTC, Dr. Blair served on the staffs of various Congressional committees and he directed the Antitrust Subcommittee's investigation of the mandatory oil import quota. These hearings were published in 1969-1970 in four volumes entitled "Governmental Intervention in the Market Mechanism" and they remain an important resource for understanding the impact of the import quota system on the oil industry. Dr. Blair retired from government service in 1970 and he unfortunately died shortly after completing work on *The Control of Oil*.

For libertarians, this book will arouse very mixed feelings. They will oppose the reforms advocated by Blair, but they should also find that *The Control of Oil* contains a very useful survey of the emergence and evolution of the international petroleum industry. At least until he reaches the 1960's, Blair demonstrates a solid



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understanding of the factors which have guided oil companies as they sought to minimize the disruptive impact of the discovery of major new reserves of low cost crude oil in the Middle East.

Scholars who have pursued research on the petroleum industry will probably not find much new information in *The Control of Oil*, although the book does conveniently assemble much information which has appeared previously in less accessible forms. As a quick review of Dr. Blair's footnotes indicates, he has drawn heavily from the research which he had previously undertaken in preparing his staff report for the FTC and he has augmented this information with testimony and documents collected during the hearings on multinational petroleum corporations and foreign policy conducted by Senator Church's Subcommittee on Multinational Corporations in 1974. For those readers who have not had an opportunity to peruse out-of-print government documents, however, Blair's book performs a major service in highlighting the major revelations of these documents and in situating them within a broader historical framework.

The Control of Oil is divided into four basic parts. Part One provides an account of the efforts by the seven largest international oil companies (the "majors") to cope with the discovery of the massive reserves of crude oil in the Middle East. The majors sought to establish a voluntary cartel arrangement in the period 1925-1945 in an effort to control the rate of production of Middle Eastern crude oil and to block the entry of competitors in the Middle East. Blair's earlier FTC study on the *International Petroleum Cartel* documented the existence of the "Red Line Agreement" and the Achnacarry or "As Is" Agreement by which the majors explicitly attempted to subordinate unrestrained competition in favor of a concerted effort to preserve the existing price structure in the world petroleum market. These complex arrangements were necessary because Middle Eastern crude oil could be produced in abundance at a low cost and threatened to erode a price structure that had been established on the basis of much higher cost crude oil produced in the U.S.

Part Two of Blair's study shifts attention from the Middle East back to the domestic scene where the domestic petroleum companies were engaged in a parallel effort to control the supply of petroleum within the U.S. He shows the degree of concentration which exists in the domestic oil industry but he suggests that the degree of concentration is relatively unimportant in explaining the success of the domestic oil industry in stabilizing prices. As Blair writes:

> In the past, the control over petroleum markets achieved by private means has not always been adequate to prevent the outbreak of competition in the most vigorous—or in the industry's term, "ruinous"—form. The control of reserves, production, capacity and sales held by the largest firms, even though reinforced by intercorporate relationships, has simply not been sufficient to prevent the sporadic appearance of "distressed" oil. Confronted with this unpleasant reality, the petroleum industry, probably more than any other field of business activity, has been remarkably successful in inducing the state to shore up the private means of control with the mandatory powers of government.

The two forms of government intervention which were critical to achieve control over supply were the system of market demand prorationing and the coercive program of oil import quotas.

Blair also analyses the discriminatory impact of the preferential tax system which has given favorable tax breaks to the large integrated petroleum companies and independent producers at the expense of smaller, nonintegrated refiners and marketers. As might be anticipated, Blair clearly favors the current legislative initiatives to close the tax loopholes which have proved so advantageous to the majors and to the independent producers. Libertarians, on the other hand, would acknowledge the discriminatory impact of the existing tax structure (pointing out that taxes are by their very nature discriminatory) and would call instead for the progressive elimination of the tax burden *on all* sectors of the population.

The third part of *The Control of Oil*, entitled "Erosion and Explosion," recounts the gradual weakening of the voluntary control mechanism that the majors had established in the period prior to World War II and the dramatic reversal in the decline of world oil prices that began in 1970. The book accurately focuses on the pivotal role of Libya in both of these events. King Idris of Libya had deliberately encouraged the development of his country's petroleum resources by smaller American oil companies (the "independents") as a means of minimizing his dependence on the major. But this sudden emergence of crude-rich independents who lacked established marketing outlets and who were not a party to the cartel arrangements of the majors had a profoundly disruptive impact on the world price structure for crude oil. The quickest way to gain entry into the world market was to engage in aggressive price cutting, a very practical strategy in view of the large profits then being earned on Middle Eastern crude oil production. This strategy brought about "the virtual destruction of an already-weakening price structure."

When King Idris and his monarchy were overthrown in 1969 by a group of Libyan army officers, the new government launched an aggressive pressure campaign against the independents operating there to get more revenue from the production of crude oil. The independents were especially vulnerable to this pressure because, for many, Libya served as their primary source of crude supply. Occidental Petroleum, which was pressured most, appealed for support from Exxon and the other majors. But they did not help: they were not very sympathetic to the plight of disruptive competitors like Occidental. Blair shows that the State Department was quite willing to acquiesce in and support the pressure by the Libyan government on the independents and that, in view of the traditional closeness between the State Department and the majors, this acquiescence further supports the theory that the majors welcomed the "evisceration of the Libyan inde-

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pendents" at the hands of the Libyan government.

This seems plausible enough, but it raises the further questions: did the majors anticipate that the Libyan initiatives would have a far more dramatic long-range impact by precipitating a "leap-frogging" process among Middle Eastern and North African governments? In this process, each government competed with the other governments in the region to obtain the most advantageous concessions from the companies operating within their country. OPEC as an organization played a relatively minor role in this process; the role of OPEC in either precipitating or accelerating the dramatic price increases during the 1970's has been grossly exaggerated by the media.

Perhaps the most controversial part of Blair's historical analysis concerns the aftermath of the 1973 oil embargo and the challenge confronted by the OPEC nations in preserving their massive price increases in the face of a world-wide recession and a substantial reduction in the growth rate of consumption of crude oil in 1974-1975. Such a challenge could only be met by controlling production and by establishing basic quotas for individual producing countries. OPEC tried to do this once before and failed. Although there were several efforts to reach agreement on a new prorationing plan in 1973-1974, it was clear that these new efforts would be equally unsuccessful. In fact, however, production was cut back in anticipation of reduced consumption and it is clear that the responsibility for the success of this effort lies not with OPEC or with the individual Middle Eastern governments but rather with the majors who, with the acquiescence of their Middle Eastern hosts, implemented their own production control program, relying on the elaborate institutional mechanisms that they had developed in earlier years.

This observation should come as no surprise to those who have closely followed developments in the oil industry. The primary concern of the governments of the major oil producing countries has always been to maximize their revenues from crude oil production and, while Libya played a critical role in catalyzing the recent rounds of price increases, Saudi Arabia, the country holding the largest petroleum reserves in the Middle East, was the chief architect of the legal framework within which petroleum production now occurs in the OPEC countries. Acutely aware of the inherent instability of the price structure of crude oil and of the inability of the governments of OPEC to implement a coordinated program to control crude oil production on their own, the leaders of Saudi Arabia vigorously opposed proposals for outright nationalization of the oil companies operating in the Middle East. Saudi Arabia instead favored participation agreements which would preserve the ability of the majors to exercise control, on a *de facto* basis at least, over production rates in the Middle East. Sheikh Ahmed Zaki Yamani, the Minister of Petroleum and Mineral Resources in Saudi Arabia explicitly outlined Saudi objectives in 1969 in a paper delivered to a seminar at the American University of Beirut: "our aim is firstly to strengthen the majors and their role, whether directly or indirectly, in the world market in order to maintain prices."

Certainly the weakest part of *The Control of Oil* from a libertarian perspective is Blair's evaluation of various proposals for reform. After a superficial dismissal of the free market price mechanism as an effective device for increasing petroleum supplies, Blair compares proposals for increased government regulation and for vertical divestiture as the two most promising options available to the U.S. government. Blair's sympathies are with divestiture, and he is highly skeptical of the feasibility of regulation, noting that "the historical role of the federal government has not been to restrain the industry but to make more effective its exploitation of the public interest." Blair argues that divestiture offers the most promising prospect for undermining the control that the majors have exercised over all phases of the petroleum industry.

Looking at the same facts, a Libertarian would see that vertical divestiture would at best only respond to the symptoms of a far more basic problem and that the problem really involves the systematic intervention by government, both domestically and abroad, in an effort to stifle competition within the oil industry. Stopping this state intervention would be far more effective in attaining those results which Blair and other critics of the international petroleum industry support.

In reviewing the efforts by the international majors to cartellize the petroleum industry, two points are worth noting. First, there is the extreme fragility of the institutional arrangements which were developed by the majors and their vulnerability to competition. Secondly, we should note the critical role played by the government in enabling the majors to achieve what they had not been able to attain through voluntary agreements. Blair himself argues that, without U.S. government regulation of production at the domestic level in the 1930's, the majors would never have been able to control production at the international level.

Another vital role of government intervention in strengthening the position of the majors which has been largely ignored by industry observors involves the structure of government concessions in the Middle East. By claiming ownership over all sub-surface petroleum resources and by granting exclusive concessions to the majors to explore for, and to produce, crude oil in vast areas of their countries, the governments of the Middle East erected major barriers of entry to potential competitors.

The role of the Middle Eastern governments became even more critical when the international majors were unable to control the supply of crude oil. As had already occurred in the domestic U.S. industry, *government intervention became necessary to prevent the final collapse of voluntary cartel arrangements.* Far from demonstrating the "near-perfect control of supply and marketing" which one reviewer of Blair's book attributed to the international majors, Blair's account graphically illustrates the inability of the majors to achieve such control without government assistance.

(continued on page 36)

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(OIL—continued from p. 33)

The most effective reform program to increase petroleum supplies would be to oppose *all* forms of government intervention in the petroleum industry. Blair states:

> As its extraordinary efforts to control the market attest, petroleum is very definitely not one of those industries from which competition has been precluded by the requirements of technology or any other inherent barrier to entry.

Thus, ending government intervention would eliminate the major barriers to entry in all phases of petroleum operations and would prepare the way for aggressive competition in supplying the consumer. Monopoly and monopoly power *is by its nature a result of state privilege*; the unhampered free-market economy's price mechanism will abolish such concentrations of power once government restraints on competition have been removed.

At least on the domestic level, an entire panoply of government regulation in the petroleum industry has been implemented as a result of strong pressure by the oil companies themselves. In view of this background, industry opposition to government regulations such as vertical divestiture on the ground that they interfere with the "free market" lacks a certain amount of credibility.

While libertarians in the U.S. must naturally concentrate their attention on the policies of the U.S. government, there is reason to be optimistic regarding the ultimate inability of the Middle Eastern governments to preserve the existing price structure for crude oil supplies in the world market. Blair is critical of those observors who predict the imminent collapse of the OPEC price structure but both economic theory and historical evidence suggest that all cartel arrangements are inherently unstable and there is no reason to exclude the OPEC nations from this broad generalization.

Cartel arrangements have always been highly vulnerable to price cutting by the more efficient low-cost producers within the cartel as well as to competition from producers who were not a party to the arrangement. Blair himself pinpoints the two countries most likely to initiate price-cutting activities within OPEC and, ironically, they are the two most radical governments—Libya and Iraq. In fact, oil industry circles believe that both countries are already engaging in systematic covert price-cutting in an effort to expand market share at the expense of their OPEC colleagues.

Another potential source of instability within the OPEC ranks involves political conflict arising from the highly diverse political configurations of the member nations. Several of the Middle Eastern members have had long-simmering border disputes with other OPEC members and a sudden eruption of hostilities over such an issue could have unpredictable repercussions on OPEC unity in the sphere of petroleum operations. It is difficult enough for cartels to survive for purely economic reasons and the presence of extraneous political factors virtually ensures that this cartel arrangement, like all others which have preceded it, will not survive. Cartels will only survive when they are enforced by a single political authority which is capable of imposing rigid discipline on the cartel participants. OPEC members have steadfastly refused to subordinate their own national interests to the dictates of a supra-national authority and therefore they remain vulnerable to the competitive pressures of the market.

Vertical divestiture should be opposed as simply one more form of government intervention which, while not further reinforcing the position of the majors, will merely compound the distortional effects of previous government measures in the petroleum industry. Vertical integration *per se* represents a natural competitive strategy designed to minimize risk and costs associated with business operations. To impose divestiture on the petroleum industry would not resolve the underlying problem and would further limit the role of the market in ensuring the availability of adequate energy supplies.

The Control of Oil is an important book and should be read by anyone interested in achieving a better understanding of the evolution of the international petroleum industry. It is unfortunate, however, that Blair's book will be cited most for precisely those sections in which it is weakest: its advocacy of vertical divestiture. But this policy proposal is not a necessary conclusion to be drawn from Blair's own analysis. To paraphrase Blair's final sentence, "the conclusion is not that the free market has failed; at least with regard to the petroleum industry, it has not yet been tried."

Alan Fairgate is a graduate student in business administration and law at a major American university. He has worked in the international government affairs department of one of the major oil companies.

TOM PAINE AND THE AMERICAN REVOLUTION

By Leonard Liggio

Tom Paine and Revolutionary America
By Eric Foner
Oxford University Press, 1976
326 pp., $13.95/$3.95

Paine
By David Freeman Hawke
Harper & Row, 1974
500 pp., $15.00/$3.75

The study of American history would be the study of libertarian people against the State if statism and consensus history were not the basic premise of most historians. The American revolution is especially fertile for libertarian history. The libertarian ideological roots of the American revolution have now been clearly defined by Bernard Bailyn and others; these roots were the radical whigs, the Commonwealthmen, and the Country party, of which Trenchard and Gordon were the most important writers. They were opposed to the statism connected to the development of the modern military budget and the taxing mechanisms used to insinuate it. This taxing revolution is sometimes called the

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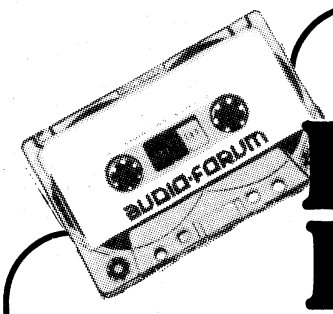

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financial revolution since many of the externals of modern finance were associated with it. However, the essential fact was that it was not a market financial revolution which took place at the end of the 17th century but a state financial revolution. The national debt with its money instruments, government bonds, supported by taxes, created the stock market. The Bank of England and other monopoly companies were chartered to be stable lending partners of government debt backed by taxation. Statism was at the core of the financial revolution which everyone has placed at the door of emerging capitalism. If capitalism and statism are incompatible, then a financial revolution based on taxation, a monopoly bank, the national debt and government bonds, must be anti-capitalism.

The Country party sometimes is called agrarian because it opposed taxation, national debt, speculation in government bonds, monopoly banking, etc. Thus, many historians equate statism with capitalism. The same situation has applied to American history where laissez-faire has been labelled agrarian, and statism as industrialist.

A great value of Eric Foner's treatment of the American revolution is to describe the difference between economic development helped or hindered by the state, and economic development outside the state. He notes that the Anglo-American Country party opposed the "increase of such social types as 'stockjobbers,' 'speculators' and other men whose bureaucratic positions, pensions or speculation in public funds made them dependent on the government for their wealth."

Foner indicates the military-based rise of statism in America during the revolutionary war. Although there were alternative means of financing and fighting the war, the statist means, more profitable for those associated with government, were used. "The need to supply the army and obtain assistance from France, the issuance of paper currency and the creation of a national debt to finance the struggle stimulated the emergence of large-scale business ventures and the development of a national business class." Government contractors, primary receivers of paper money, speculators in government debt, all accumulated fortunes by a war fought on taxation by inflation. Of course, this 'capital accumulation' by state means, the development of state financial institutions, was justified by the argument that it was part of the war effort. Those who opposed this statism were accused of being against private property. But the merchants and artisans said that it was taxation and inflation which was anti-property. They said: "our property . . . (as) the clear-earned fruits of our labour" should be "at our own disposal." They drew a sharp distinction between private property earned by productive activity and free exchange, and 'property' resulting from state privileges or government accumulation of capital.

These financial developments were directly related to the military concepts which were debated at the time. There were those such as George Washington who desired to use the war to create a traditional European army as the core for the system of state institutions which developed in Europe. Others wished to avoid those state institutions and to use the strategy of guerrilla warfare. Paine described that strategy: "Like a game of drafts, we can move out one square to let you come in, in order that we may afterwards take two or three for one. . . . In all the wars which you have formerly been concerned in you had only armies to contend with; in this case you have both an army and a country to combat."

Paine arrived in America in late 1774 and in little more than a year produced the world-shaking pamphlet—*Common Sense*. He simply put down the English government as a product of illegitimate conquest: "A French bastard landing with an armed banditti and establishing himself king of England against the consent of the natives is in plain terms a very paltry rascally original." Paine proceeded to undercut the notion that England was "the parent country of America." He said that as "this new world hath been the asylum for the persecuted lovers of civil and religious liberty from every part of Europe," America should never feel a special feeling for England. Paine was of course very perceptive, since the question of whether to ally with England due to special ties has been a constant issue in American politics and the root of the U.S. involvement in two world wars. Paine argued that European countries "Never were, nor perhaps ever will be, our enemies as Americans," but tied to England America would find enemies everywhere. Peace was the natural state of republics where the artificial power of the military would not be permitted by popular control. Paine opposed entangling alliances and advocated friendship and free trade with all nations. [On Paine's contribution to American isolationism, see Felix Gilbert, *To the Farewell Address, Ideas of Early American Foreign Policy* (Princeton U. Press, paperback).]

Foner emphasizes that for Paine, the "central axiom of his political philosophy, (was) the distinction between society and government." Early in *Common Sense*, he declared: "Some writers have so confounded society with government, as to leave little or no distinction between them: whereas they are not only different, but have different origins. Society is produced by our wants and government by our wickedness; the former promotes our happiness *positively* by uniting our affections, the latter *negatively* by restraining our vices. The one encourages intercourse, the other creates distinctions. The first is a patron, the last a punisher. Society is in every state a blessing, but government, even in its best state, is but a necessary evil." Foner notes: "On the basis of passages such as this, which are repeated throughout his political writings, some writers accord Paine a place in the pantheon of anarchist ancestors."

Paine saw the natural state of society as harmony and order, disrupted by government intervention which corrupted human nature, upset natural relations and introduced oppression. Commerce was the cement that held the natural order of society together. Paine held that "man, were he not corrupted by governments, is naturally the friend of man, and that human nature is not of itself vicious." Central to his analysis was that taxation caused poverty, exploitation and oppression. Voluntary activity was the essence of social order, and he looked to the immediate reduction of government until it was "nothing more than a

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national association acting on the principles of society."

The distinction between society as natural and orderly and government as coercive, oppressive and deranging was the actual state of affairs in America at the beginning of the Revolution. Paine wrote later in *The Rights of Man* that despite "the suspension of the old governments . . . everything was conducted" with "order and decorum." Most of the "order which reigns among mankind is not the effect of government," he concluded. "It had its origin in the principles of society and the natural constitution of man. It existed prior to government, and would exist if the formality of government was abolished." Paine posited the Country ideology of the conflict between privilege and production. Production resulted in wealth, credit and property, its legitimate fruits; privilege resulted in speculation, extravagance and debts. Foner adds: "He accepted the cardinal precept of what has been termed 'possessive individualism'—that individual freedom was inviolable because it was a form of property. In his early anti-slavery essay of 1775, he criticized slaveowners as thieves, and argued that "the slave, who is the proper owner of his freedom has a right to reclaim it." And in 1778 he would explicitly assert, "I consider freedom as a personal property."

For a variety of reasons, Pennsylvania was one of the most radical colonies in America, and this was intensified in the Revolution. The radicals represented the Scotch-Irish Presbyterians and were accused of being a "Macocracy." Connected with the Great Awakening of the mid-18th century America, religious enthusiasm and attack on pleasure and enjoyment and imminent millenarianism were secularized. Rather than individualism there was a strong re-commitment to the traditional anti-individualism of Calvinism, especially strong on corporatism and social control in America. "No King But King Jesus," looked toward a closed society in which state interference would protect home manufacturers from competition to provide stability, while limiting wealth, social mobility and change. The wealthier Quaker community was accused of every sin "that Sodom was condemned for." Benjamin Rush, a youthful convert to Calvinism, became the leading ideological opponent of the culture of pleasure and liberty and the leading defender of deference, discipline and social control, as well. This great "reformer" was alarmed by the "excess of the passion for liberty" which developed in the revolutionary situation. He diagnosed this as a new "species of insanity" and gave it the clinical name of "anarchia."

Equality in the 18th century was viewed as opposed to privilege, whereby action of the state some people gained deference, power or income from the rest of society. Equality was a weapon against the state which interfered with natural society. Thus, by means of government privilege, some men attempted to gain control of vast areas of land which could not be private property by a Lockean definition; only the power of the state against freemen maintained that inequality or privilege. Paine viewed all who benefited from privilege, from state power, as not freemen, but rich slaves who abandoned freedom for state employ. "By servitude I mean all offices or employments in or under the state, voluntarily accepted, and to which there are profits annexed."

Paine had attacked use of paper money in England and in *Common Sense* he hoped that Americans would "replace our paper currency with gold and silver." When the Continental Congress faced financing the war, the mainly wealthy group dodged taxes and borrowed against future taxes, preferring taxation through inflation. In his third *Crisis* paper in April 1777 Paine declared: "The prices of goods can only be effectually reduced by reducing the quantity of paper money." Paine held that inflation was a tax on the plain people. Foner notes the strong similarity of thinking between Paine and Adam Smith's *Wealth of Nations*, also published in 1776. They both distinguished between society and government, and government as the cause of poverty and inequality was self-evident to both. Smith reflected much of the Country party ideology that competition and abolition of privilege would eliminate the beneficiaries of privilege: bureaucracy, army, lawyers, official churchmen and feudal landlords, the "ideal people who produce nothing."

It was not an accident that in the famous Philadelphia showmakers' trial of 1806 in which workers demanded freedom of labor from corporatist restrictions of employers, the lawyer for the workers quoted Adam Smith. In *The Rights of Man* Paine condemned laws limiting wages of workers: "Why not leave them as free to make their own bargains, as the law-makers are to let their farms and houses? Personal labor is all the property they have."

As inflation raged, the Calvinist advocates of traditional "moral economy" demanded price controls. The artisans and workmen of Philadelphia learned from experience the effects of inflation and price controls and abandoned the Calvinist party along with Paine to support free trade and sound money. Paine sought to force Congress and the states to stop printing money and to go to gold and silver. "Paper money, paper money, and paper money is now, in several of the states, both the bubble and the iniquity of the day." He did not oppose privately issued paper money, as issued by banks, which would be accepted or refused by individuals, unlike state paper money which people were forced to accept.

Foner connects Paine's view on money with his and the Country party's distinction between society and government. "Gold and silver are the emissions of nature; paper is the emission of art." One was legitimate, the other was coercive. Paine even said that any legislator who proposed a law for legal tender paper money should be sentenced to death. (This, the historian Bray Hammond observes, was "going pretty far.") Some historians, however, feel that Paine did not go too far in his advocacy of punishment for those who taxed the honest fruits of productive labor. Paine said: "The only proper use for paper, in the room of money, is to write promissory notes and obligations of payment in specie. . . . But when an assembly undertakes to issue paper money, the whole system of safety and certainty is overturned, and property set afloat."

David Hawke similarly underlines the importance for Paine of opposition to paper money. "He objected to it on

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ethical as well as practical grounds. Debased money evoked a passionate reaction from him. The man who passed counterfeit bills committed "a species of treason, the most prejudicial to us of any, or all the other kinds." In 1786, he wrote his *Dissertations on Government; the Affairs of the Bank; and Paper Money*, which is worthy of re-publishing with his other economic writings.

Hawke concentrates on Paine's life in England and France during the period of the French Revolution. Paine had become a friend of Edmund Burke's but the French Revolution in 1789, especially the taking from the church the lands granted it by the government over centuries, had a negative effect on Burke. Burke wrote his *Reflections* in opposition to a 1789 speech of Dr. Richard Price, a Liberal and supporter of the American and French Revolutions. Price was a friend of Paine's as were William Godwin, Mary Wollstonecraft, Thomas Hollis, John Cartwright and John Horne Tooke. They felt that it was necessary to restore the English constitution developed by the Anglo-Saxons, and purge it of the Norman feudal corruption under which it had labored for centuries. Paine saw the existing government system as "a bargain, which the parts of government made with each other to divide power, profits and privileges."

Burke defended the existing system and in his *Reflections* answered the radicals: "But the age of chivalry is gone, That of sophisters, economists, and calculators has succeeded; and the glory of Europe is extinguished forever." Paine responded with *The Rights of Man*. Burke had spoken for government, for the authority of the dead over the living; for him the government was a partnership in all science, art and virtue. Paine spoke for the governed against the government, and for the living rather than the dead. At best he saw government as only a small part of society.

Paine's writings were viewed as threatening by the English government, and he went to France where he was elected to the National Convention. There he expanded his circle of friends from Lafayette to Condorcet, Brissot de Warville, and Etienne Claviere, whose secretary was J.B. Say. In the Convention he served on the committee headed by Condorcet which created one of the less oppressive constitutions in history. One that was much influenced by the revolutionary governments in America, and the strong distinction between society and government. His interest in economics caused him, with an English banker, Sir Robert Symth, as silent collaborator, to publish *The Decline and Fall of the Bank of England*, in which he analyzed why the English financial system was "ON THE VERGE, NAY EVEN IN THE GULF OF BANKRUPTCY." Within the year, the Bank of England suspended its specie payment for paper notes.

In the midst of French debates on religion, Paine wrote *The Age of Reason*, being an investigation of truth and of fabulous theology, describing Christianity as a form of atheism. Dr. Joseph Priestly, in exile in America, wrote a famous Answer. Paine's religious views were clearly in a Puritan rather than Voltairian tradition, and came into complete collision with Anglo-American deism which was Christian. Thus, his reputation was destroyed among deist Americans.

He returned to spend his last years in an America in which pro- or anti-Paine was, along with foreign policy, a major issue dividing political powers. Against the Federalists he supported the Jeffersonians, most especially on foreign policy. "I love the restriction" the Constitution has imposed on the president's power in foreign policy "because we cannot be too cautious involving and entangling ourselves with foreign powers." Thus, he concluded his American career with a major theme with which he had begun in *Common Sense*.

Leonard Liggio teaches history at SUNY Old Westbury, and has contributed to a number of libertarian and non-libertarian publications and books. He recently co-edited, with James J. Martin, a collection of essays on New Deal foreign policy, WATERSHED OF EMPIRE. He is an associate editor of LR.

THE REVIVAL OF AUSTRIAN ECONOMICS

By Richard M. Ebeling

The Foundations of Modern Austrian Economics
Ed. by Edwin Dolan
Sheed, Andrews & McMeel, 1976
238 pp., $12.00/$4.95

The revived interest in the Austrian School of Economics in the last few years is a truly phenomenal event. Though it cannot claim to be as "revolutionizing" or as instantaneously accepted by the profession as the Keynesian movement originally was, the Austrian School has grown from a handful of individuals to a world-wide mini-multitude.

A good deal of the credit for the even belongs to the Institute for Humane Studies which sponsored a Conference on Austrian Economics in June 1974. Fifty economists from the United States, England and Australia converged upon South Royalton, Vermont to listen to lectures on Austrian theory by Israel M. Kirzner, Ludwig M. Lachmann and Murray N. Rothbard and participate in discussions on the subject matter.

Those lectures are now available as *The Foundations of Modern Austrian Economics*. The essays deal with methodology, market equilibrium vs. market process, capital theory, monetary theory, macroeconomics and the application of the theory for economic policy.

It is impossible here to do justice to all the topics and detailed expositions that were offered by the lecturers (for an extended recollection of the conference and the papers given, see, Richard M. Ebeling, "Austrian Economics on the Rise," *The Libertarian Forum*, October, 1974, pp. 3-6). Instead, we will highlight the salient characteristics of the Austrian approach as represented in these lectures.

The Austrian view on methodology can be summed up very simply by saying that for the social scientist who

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wishes to understand economic phenomena and the causal relationships between observed events, statistics are just not enough. For statistics, as any good statistician will tell you, can only act as the basic material to establish correlations between magnitudes and events, but not their causation.

This is explained in brilliant fashion in an example given by Professor Kirzner. He asks us to imagine a man from Mars looking down at the earth through a telescope. The Martian observes that every day a small object comes out of a box, moves a short distance and enters a second, rectangular box; the rectangular box then moves through a maze of canals and intersections. The Martian observes that on certain days the small object that comes from the first box moves rapidly to catch up to the second, rectangular box. The Martian then draws up a statistical study showing that one out of ten times the small object will move rapidly to reach the rectangular box; and based on this data, he makes predictions of "earthly" activities.

What has been totally missed in this procedure is the fact that the first box is an apartment house, while the small object observed leaving it happens to be a human being on his way to the corner to catch the morning bus to work. The fact that on some mornings the person in question oversleeps and has to run quickly to catch up to the bus does not mean that he might not get a better alarm clock, go to bed earlier or even oversleep more often in the future. To base ones understanding of human action purely on statistical and historical studies is to ignore that human activity is volitional, purposeful and changeable, being dependent upon the goals and means of the acting individual.

It is from the concept of human purpose that Austrian economics builds its theory of economic and market activity. For *acting* man is *purposeful* man. The problem is then one of spinning out the implications that follow from this axiom. Purposefulness means the striving for ends, while, in turn, ends can only be attained if an individual has perceived what he believes to be appropriate means for pursuing them.

While the problem facing the individual is one of allocating his means among his ends once he has decided on what goals to pursue, the problem for "the market" is of a different nature. For "the market" has no single scale of ends to which it applies given means. Rather, "the market" is where the interpersonal plans and goals of many individuals interact and tend to be brought into consistency with one another. It is this tendency towards bringing about consistency among multi-person plans that constitutes the *market process*.

The central problems, as Professor Lachmann points out, concern knowledge and time. All actions toward goal achievement occur through time and will result in new data and experiences being learned by the actor. The acquired knowledge will confirm or modify what can be achieved, given the initially planned course of action. Every revision of ones' own plan, on the other hand, will change the market situation faced by others.

It is entrepreneurial activity in the market that fills in those gaps between interpersonal plans. Professor Kirzner argues that "entrepreneurial alertness is crucial to the market process. Disequilibrium represents a situation of widespread market ignorance. This ignorance is responsible for the emergence of profitable opportunities. Entrepreneurial alertness exploits these opportunities when others pass them by."

This underlying "Austrian" theme of understanding and analyzing human purposive action and how this unfolds through the market process forms the basis of all the other lectures in the volume. Professors Kirzner and Lachmann deal with the problems of multi-period plans that involve the use and combining of capital goods. While Professor Rothbard, in an excellent exposition, elaborates on the Mengerian-Misesian insight of how the pursuit of *directly* desired ends by individuals brings about the existence of money as an *indirect* medium of achieving ends on the market.

Professor Lachmann analyzes the "Austrian" position in relation to Macroeconomics and the new Cambridge Neo-Ridardianism. And Professors Kirzner and Rothbard consider what the role of the "valuefree" economist is when it comes to making statements about the relative values of various policies.

The volume is most assuredly a true *foundation* for the resurgence of Austrian Economics.

Richard Ebeling is a graduate student in economics at New York University, and is the editor of the "Occasional Papers" series of the Center for Libertarian Studies.

FRIEDMAN ON FREEDOM

By Richard M. Ebeling

From Galbraith to Economic Freedom
By Milton Friedman
Institute of Economic Affairs, 1977
64 pp., $2.50

Before 1974, the Nobel Prize in Economics was notable only for the consistent awarding of the honor to advocates of planning and interventionism. In 1974, the trend was changed with the awarding of the Nobel Prize to Friedrich von Hayek, the recognized leader of the Austrian School. Now, with the awarding of the 1976 Nobel Prize to Milton Friedman, another illustrious free market advocate has added dignity to the otherwise ignoble Nobel roles.

Shortly before the announcement of the 1976 Nobel Prize in Economics, Friedman gave a couple of lectures in London that underlined his steadfast belief and advocacy of economic and political liberty. They are now available in pamphlet form as *From Galbraith to Economic Freedom*.

The first lecture is an incisive critique of John Kenneth Galbraith's views of the economic order. Friedman reviews the various arguments that Galbraith has offered against the market economy. All of Galbraith's arguments against the "affluent soci-

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ety" and advertising are shown to be totally unfounded. And Galbraith's views on countervailing power and the "new industrial state" are shown to be incorrect both in theory and fact. Indeed, argues Friedman, the only sectors of the economy that seem to totally disregard consumer preferences and are freed from following the wishes of stock holders are *nationalized* industries.

Friedman explains that Galbraith's outlook is similar to that of the 19th century Tory Radicals. It is a point of view which implies "that the values of the masses are inferior to those of the intellectual aristocracy." And that it is the duty of this aristocracy to guide and mold the thinking of the masses. Friedman states his own view: ". . . for those of us who believe in the dignity of the individual human being, in the preeminence of freedom among human beings as the objective of social organization: we must say that the only way in which we have any right to try to affect the values of others is by persuasion."

The second lecture, "The Road to Economic Freedom: The Steps from Here to There," include some of the most radical statements on dismantling State interventionism ever offered by Friedman. He suggests that a nation such as England is in too serious an economic crisis for any attempts at "gradualism." Rather, it is necessary for an exercise in shock treatment. The growth in the money supply must be cut severely. There must be an immediate cut in British government spending—from 60 percent of the national income to 50 percent. How does Friedman suggest this by done? "There is only one way to do it," he says, "It is not by looking for places where money is wasted, *not* by seeking the worst workplaces, but *across the board*." Taxes should be cut significantly and indexation of the tax system should be instituted so inflation-induced higher nominal incomes do not place individuals in higher and higher tax brackets. And he proposes that the British nationalized industries should be auctioned off; if no one will buy them, then they should be given away.

Now if only Friedman would offer a similar program of economic reform for the United States, we would have a sound beginning towards a free society.

A NEW APPROACH TO HUMAN RIGHTS

By Randy E. Barnett

Taking Rights Seriously
By Ronald Dworkin
Harvard University Press, 1977
293 pp., $12.00

When Ronald Dworkin speaks, the philosophical world listens so the fact that his new book is entitled *Taking Rights Seriously* should cause libertarians to take notice as well. "Mr. Dworkin [says the dust-jacket], an American who was Hohfeld Professor of Jurisprudence at the Yale Law School, has succeeded [H.L.A.] Hart as University Professor of Jurisprudence at Oxford." Harvard University Press also tells us that "clearly and forcefully, Ronald Dworkin argues against the 'ruling' theory in Anglo-American law—legal positivism and economic utilitarianism—and asserts that individuals have legal rights beyond those explicitly laid down and that they have political and moral rights against the state that are prior to the welfare of the majority . . . [His] theory of law and the moral conception of individual rights that underlies it have already made him one of the most influential philosophers working in this area." All this sounds too good to be true.

What makes Dworkin so unusual is his total rejection of moral relativism and moral skepticism and his acceptance of what in his lectures he calls "moral realism." When pressed, he admits that moral "objectivism" is an accurate description of his outlook, but he eschews the term for a provocative reason: He says "objectivism" implies a grand theory proving something about the nature of values when all you need is common sense to know that values are facts. It is the skeptics who need grand theories to persuade us to deny the reality all but those who have taken introduction to philosophy know. Before the solipsists, people knew there were other people. After the solipsists, what was common knowledge became the belief in the objectivity of external consciousness. The claim that "slavery is unjust," says Dworkin of his favorite example, if true is a *moral fact*, just like the fact that "this chair is green."

Though only occasionally made explicit, this "realist" philosophy underlies *Taking Rights Seriously*. What, then, does Dworkin say about rights? "A successful claim of rights, in the strong sense . . . has this consequence. If someone has a right to something, then it is wrong for the Government to deny it to him even though it would be in the general interest to do so." This means that a moral right is a right which no one, including the state, may deny. "If I have a right to speak my mind on political issues, then the government does wrong to make it illegal for me to do so, even if it thinks this is in the general interest. If, nevertheless, the Government does make my act illegal, then it does a further wrong against me. My right against the Government means that it is wrong for the Government to stop me from speaking; the Government cannot make it right to stop me by taking the first step."

The next obvious question is what rights Dworkin thinks we have and his answer here should be received with a bit less enthusiasm. He says the only general right we possess is the right to be "treated as an equal." But he is careful to distinguish this from the mistaken egalitarian concept of "equal treatment" and this distinction is all-important.

He rejects as a fundamental right, the right to equal treatment "which is the right to an equal distribution of some opportunity or resource or burden." It is this brand of egalitarianism which is vehemently decried by Murray Rothbard in *Egalitarianism as a Revolt Against Nature* and by Robert Nozick in *Anarchy, State and Utopia*. The right to be treated as an equal, on the other hand, "is the right, not to receive the same distribution of some burden or benefit, but to be treated

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with the same respect and concern as anyone else."

What does this mean? Dworkin spends several chapters trying to show how this principle applies. The fact that this book is a collection of essays written at different times at this point becomes a marked drawback, for we are presented with chapters which apply the principle but do so implicitly and with less cogency than if one chapter clearly built on the last. Even so, it soon becomes clear that Dworkin is no libertarian. He comes out in favor of forced school busing to achieve integration and he supports "reverse-discrimination." To his credit he opposes laws against pornography and defends some forms of civil disobedience. He is a liberal, but this brand of liberalism has principles taking precedence over policy and a principle of equality which specifies that the government cannot adopt any one group's version of the good life, thus rejecting what he calls "moralism." His objective is nothing short of the resurrection of liberalism and his method is to force the return to those principles that liberals have long abandoned in their rush toward a statist utopia. Libertarians should wish him well in this endeavor for if he succeeds he will be providing a conceptual framework that libertarians can address themselves to.

In this respect *Taking Rights Seriously* is a more important book for libertarian philosophy that Nozick's *Anarchy, State and Utopia*. Nozick argued for libertarianism's new-found respectability was a vital one. But while Nozick provided several useful concepts—the distinctions between moral goals and moral side-constraints and between historical principles and end-state principles are two examples—he failed to provide any conceptual framework. It was never made clear how the various elements of a libertarian theory hang together. As a result, there is no way to move beyond Nozick's book to a coherent theory of libertarianism and no clear alternative to the current statist paradigm. While thanking him sincerely for what he has done, libertarians must search elsewhere for theoretical structure.

One would do well to look to Dworkin. Morals are facts; Each individual has rights against the state; Such rights are grounded on "the assumption of a natural right of all men and women to equality of concern and respect, a right they possess not by virtue of birth or characteristic or merit or excellence but simply as human beings with the capacity to make plans and give justice." Moral rights give us a right to disobey the state. Libertarians will disagree with Dworkin, but he is a man they can talk to and they will better understand their own philosophy for having done so.

One final point must be made. By adopting the right to be treated as an equal as his fundamental principle, Dworkin rejects any general right to liberty. In an open challenge to defenders of liberty he says in chapter 12 (originally delivered at a 1976 Law

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and Liberty symposium in San Francisco, though Dworkin doesn't mention this in the book) that it seems "absurd to suppose that men and women have any general right to liberty at all, at least as liberty has traditionally been conceived by its champions."

Although this challenge must be met, it is not really as ominous as it sounds. Dworkin's concern is a valid one: If two rights conflict, then one must not really be a right. If liberty and equality conflict, we must choose one or the other and Dworkin chooses the right to be treated as an equal. Everything then hinges on the proper interpretation of treatment as equals and for a libertarian version, Herbert Spencer's famous law of equal liberty seems tailor-made. "Man's happiness can be produced only by the exercise of his faculties . . . All are endowed with faculties . . . All, therefore must be free to do those things in which the exercise of them consists. That is, all must have rights to liberty of action . . . Wherefore we arrive at the general proposition that every man may claim the fullest liberty to exercise his faculties compatible with the possession of like liberty by every other man." Libertarians need not fear egalitarianism in this form. Once a proprietary concept of liberty is substituted for Isaiah Berlin's nebulous "negative liberty" (Dworkin's foil), Dworkin's soon to be classic problem of the right to drive the wrong way up Lexington Avenue is easily dealt with (though the difficulty of establishing Spencer's concept of equal liberty should not be underestimated).

Libertarians must come to grips with this book, but the fact that Dworkin speaks a similar conceptual language should make the enterprise an exciting one. In fact, Dworkin has gone a long way toward returning the excitement to academic "establishment" legal and political philosophy. Anyone interested in philosophy knows that positivism has long been the dominant and only respectable approach to law. On this view the only rights we have are those which the state has given us. It is, therefore, of more than symbolic importance that the leading contemporary exponent of legal positivism, H.L.A. Hart, was succeeded at Oxford by Ronald Dworkin. This is patent evidence that the positivist paradigm is a lifeless hulk. While it still floats it no longer commands respect. The search is on for an ontology of morals which will send positivism to the bottom and Dworkin's effort is a crucial opening salvo.

Randy Barnett is finishing work on a degree at Harvard University. His essay "Whither Anarchy? Has Robert Nozick Justified the State?" appeared in Vol. 1 No. 1 of the JOURNAL OF LIBERTARIAN STUDIES. A major study of the ethics of restitution by Barnett will appear in a forthcoming issue of ETHICS.

Books in Brief

Schizophrenia
By Thomas Szasz
Basic Books, 1976
229 pp., $10.00

Author of such iconoclastic books as "The Myth of Mental Illness" and "The Second Sin," Dr. Szasz mounts an incisive two-pronged assault on modern psychiatry and what he regards as its mirror-image, the "anti-psychiatry" of R.D. Laing and his followers. Szasz's critique of the concept of mental disorders as "diseases" is here extended to schizophrenia. To the paternalistic practices of orthodox psychiatry, which permits enforced hospitalization and treatment of patients judged "schizophrenic," Szasz counterposes what he views as the equally repressive measures of Laingian therapy, whose identification of schizophrenia with "authenticity" may push the patient further into confusion and despair. Szasz's belief that schizophrenia was largely "invented" by Eugene Bleuler and nourished by the psychiatric profession seems intended to provoke, and indeed his book makes timely and urgent reading. Appendices, etc.—*Publisher's Weekly*

The New Mencken Letters
Edited by Carl Bode
Dial Press, 1977
637 pp., $19.95

H. L. Mencken wrote over 100,000 letters during his lifetime, letters to nearly every important cultural and literary figure of his time. Until now, virtually none of them have seen print: the 1961 edition contained only a handful, and those were edited far too severely. Bode's edition, too, only dips into Mencken's enormous output, but the collection is an absolute delight, and is extremely well chosen, to boot. Mencken's ebullience and wit shine forth from every page. What is still missing from Mencken collections, however, is a selection of letters exclusively on Mencken's political views, his views on the events of his time. For that, however, we shall have to wait for another day. In the meantime, Bode's collection is about as enjoyable as anything by Mencken—and that is very enjoyable indeed.—*Roy A. Childs, Jr.*

The American Police State
By David Wise
Random House, 1976
437 pp., $12.95

David Wise is the author of *The Politics of Lying* and co-author of one of the first books on the role of the Central

(continued on page 48)

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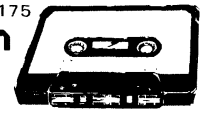

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(ENERGY-continued from p.13)

by the government itself far worse rather than better. Milton Friedman has well characterized the Carter energy package as a "monstrosity" that would "introduce the hands of the bureaucrats into every stage of pricing, production and consumption," and which would move toward "nationalizing the production and distribution of energy." *(Human Events,* April 23).

THE CHOICE BEFORE US

Jimmy Carter's plan for energy socialism must be resisted and defeated. Libertarians are particularly well equipped to lead in this task, for, unlike conservatives, we have no enthusiasm for the alleged virtues of order, discipline, and sacrifice. And unlike both conservatives and liberals, we have no enthusiasm either for war or for the moral equivalent of war; we don't want a healthy State and a sick country. One of the best symbols of the Carter brand of economic militarism has been dug up by that indefatigable muckraker Alexander Cockburn *(Village Voice,* April 11.) Cockburn focussed on that living symbol of right-wing social democracy *cum* liberal conservatism, of the military-intellectual complex, Harvard political scientist Samuel P. Huntington. Huntington, the inventor of strategic hamlets in the Vietnam War, advocate of winning the war by herding the Vietnamese peasantry into the cities, and fellow-member with Carter and Mondale of the Trilateral Commission who has deplored the "excess of democracy" in the Western world, is now working for the National Security Council in the Carter Administration. In a book some years ago, a book that seems uncannily prophetic of Carter's "moral equivalent of war" in energy, Huntington contrasted the town of West Point with neighboring civilian town of Highland Falls. Of Highland Falls, the professor wrote of its "tiresome monotony and the incredible variety and discordancy of small-town commercialism . . . lacking common unity or purpose . . ." In contrast, for Huntington, was the nearby military academy of West Point: "On the military reservation . . . there is ordered serenity. The parts do not exist on their own, but accept their subordination to the whole. Beauty and utility are merged in gray stone . . . . The post is suffused with rhythm and harmony which comes when the collective will supplants individual whim . . . behavior of men is governed by a code . . . . The unity of the community incites no man to be more than he is. In order is found peace; discipline, fulfillment; in community, security . . . ." And Huntington concluded: "is it possible to deny that the military values—loyalty, duty, restraint, dedication—are the ones America most needs today? . . . . America can learn more from West Point than West Point from America . . . . If the civilians permit the soldiers to adhere to the military standard, the nations themselves may eventually find redemption and security in making that standard their own."

And are we not seeing this drive for order, discipline, and sacrifice now imposed on us through energy fascism, albeit by a former graduate of Annapolis rather than West Point?

The choice before America is clear: it is abundant energy at a market price, or government—contrived shortages; it is free markets versus bureaucracy, and even above all that, it is individual freedom and diversity as against socialization through economic militarism.

Murray Rothbard is the editor of the Libertarian Forum, an LR contributing editor, and the author of numerous works on libertarian theory, including MAN, ECONOMY AND STATE, FOR A NEW LIBERTY, and THE ETHICS OF LIBERTY (forthcoming).

(WAR ECONOMY-cont'd from p.25)

four years of U.S. World War II experience, no bombs exploded on American soil. No U.S. factory, no U.S. city, no road was destroyed. The railroads, the roads and power plants all lasted. (In New York City they're still in operation!) That's in the nature of durable, capital goods. But we know that over a longer period, if there's no development, no renewal, then the existing stock of production facilities must decay. We are suffering the consequences of that decay and that erosion. So we use, around this platform, for example, an array of electronic recording equipment, and not a single on of these devices is made in the U.S.A. though this country has been a world leader in developing physics of the solid state.

So the ideas that World War II created jobs and prosperity led people to infer that the limited experience could be continued indefinitely. That inference is false. We are not reaping a whirlwind from this misperception.

It is, therefore, a priority task in my judgement, of all groups concerned with peace and prosperity, to take the lead in unwinding the false ideology that war brings prosperity, for that proposition, in any form, is the key proposition in support of the war economy in the U.S. Rather, we have to disclose the false assumptions that are involved and to help turn the economy toward the service of life rather than the service of war.

Seymour Melman, Professor of Industrial Engineering at Columbia University, is the author of PENTAGON CAPITALISM, THE PERMANENT WAR ECONOMY, and numerous other works dealing with the effects of defense spending. His article is adapted from a speech given before SANE, with which he has had a long association.

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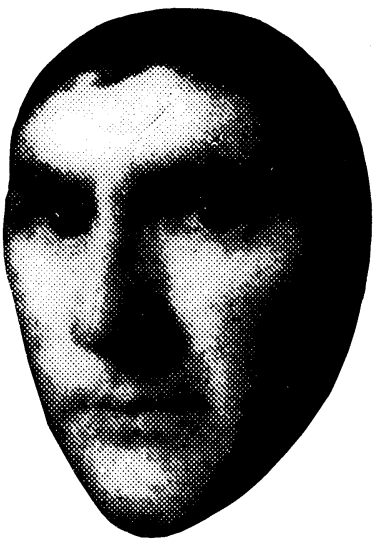
(BOOKS—continued from p. 45)

Intelligence Agency in American politics, *The Invisible Government*. In *The American Police State*, subtitled "the government against the people," Wise digs deeper into the uses and abuses of government agencies such as the CIA, FBI, IRS, NSA and others which have engaged in a host of illicit activities violating the rights and liberties of the American people. The stories which Wise relates are hair-raising, documenting the extent to which such slogans as "national security" have served to rationalize the use of bugging, wiretapping, burglaries and kidnappings to serve political ends. It is unfortunate that Wise does not make any connection with *other* agencies which do precisely the same thing such as OSHA, and the DEA (not to mention a host of other regulatory agencies which are little better), but still, *The American Police State* is required reading for anyone concerned with the assault on American liberties by the U.S. government.—*Roy A. Childs, Jr.*

Adolf Hitler
By John Toland
Doubleday & Co., 1976
1080 pp., $14.95

Toland, a popular and informed military historian and journalist-author whose specialty is a series of best-selling books on World War II, has delivered to his readership this magnum opus, a life of Adolf Hitler. This massive book will stand for some time as the last word on Hitler. Toland's timing is excellent in that he has gained access to previously unavailable sources, official documents, declassified reports, and an invaluable grouping of more than 250 personally taped interviews with intimates of Hitler now prepared to discuss the man Toland judges to be "the greatest mover and shaker of the twentieth century." Not that this book is in any way laudatory. It is not. It is thorough, carefully documented, and authoritative. There is little new in the well-written book. There is, however, an intensity, a greater shedding of light on Hitler. His personality, his psychology, his politics are intimately explored. The book deserves reading and reflection. It is time to see Hitler as history will see him, and indeed, as Toland sees him. Hitler, he assesses, in one of the book's surprises, was an artist seeing art and politics "as inseparable." Recommended.—*R.F. Delaney, Library Journal*



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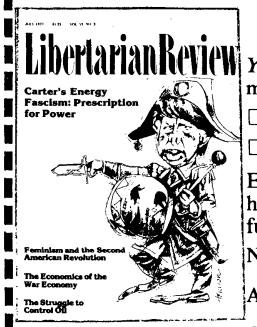
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